UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington D.C. 20549

Form 10-K

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2010

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

FOR THE TRANSITION PERIOD FROM

COMMISSION FILE NUMBER 0-24341

Central European Distribution Corporation

(Exact Name of Registrant as Specified in its Charter)

Delaware	**54-1865271**
(State or Other Jurisdiction of Incorporation or Organization)	**(I.R.S. Employer Identification No.)**
3000 Atrium Way, suite 265, Mt. Laurel, New Jersey	**08054**
(Address of Principal Executive Offices)	**(Zip code)**

Registrant's telephone number, including area code: (856) 273-6980

Securities registered pursuant to Section 12(b) of the Act:

Common Stock, par value $0.01 per share
(Title of Class)

Securities registered pursuant to Section 12(g) of the Act:
Not Applicable

Indicate by check mark whether the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark whether the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge in definitive proxy or information statements incorporated by reference in Part III of the Form 10-K or any amendment to this Form 10-K. ☐.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act (Check one):

Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act.): Yes ☐ No ☒

The aggregate market value of the voting stock held by non-affiliates of the registrant as of June 30, 2010, was approximately $ 1,757,588,947 (based on the closing price of the registrant's common stock on the NASDAQ Global Select Market).

As of February 22, 2011, the registrant had 71,776,496 shares of common stock outstanding.

Documents Incorporated by Reference

Portions of the proxy statement for the annual meeting of stockholders to be held on May 19, 2011 are incorporated by reference into Part III.

TABLE OF CONTENTS

The disclosure and analysis of Central European Distribution Corporation in this report (and in other oral and written statements we have made or may make, including press releases containing information about our business, results of operations, financial condition, guidance and other business developments), contain forward-looking statements, which provide the Company's current expectations or forecasts of future events. Forward-looking statements in this report and elsewhere include, without limitation:

- information concerning possible or assumed future results of operations, trends in financial results and business plans, including those relating to earnings growth and revenue growth, liquidity, prospects, strategies and the industry in which the Company and its affiliates operate, as well as the integration of recent acquisitions and other investments and the effect of such acquisitions and other investments on the Company;
- statements about the expected level of the Company's costs and operating expenses relative to its revenues, and about the expected composition of its revenues;
- information about the impact of governmental regulations on the Company's businesses;
- statements about local and global credit markets, currency exchange rates and economic conditions;
- other statements about the Company's plans, objectives, expectations and intentions, including with respect to its credit facility and other outstanding indebtedness; and
- other statements that are not historical facts.

Words such as "believes", "estimates," "anticipates," "expects," "intends," "may," "will" or "should" or, in each case, their negative, or other variations or comparable terminology may identify forward-looking statements, but the absence of these words does not necessarily mean that a statement is not forward-looking. Forward-looking statements are subject to known and unknown risks and uncertainties and are based on potentially inaccurate assumptions that could cause actual results to differ materially from those expected or implied by the forward-looking statements. The Company's actual results could differ materially from those anticipated in the forward-looking statements for many reasons, including the factors described in the section entitled "Risk Factors" in this report. Other factors besides those described in this report could also affect actual results. You should carefully consider the factors described in the section entitled "Risk Factors" in evaluating the Company's forward-looking statements.

We caution you that forward-looking statements are not guarantees of future performance and that our actual results of operations, financial condition and liquidity, the development of the industries in which we operate, and the effects of acquisitions and other investments on us may differ materially from those anticipated in or suggested by the forward-looking statements contained in this report. In addition, even if our results of operations, financial condition and liquidity, and the development of the industry in which we operate, are consistent with the forward-looking statements contained in this report, those results or developments may not be indicative of results or developments in subsequent periods.

We urge you to read and carefully consider the items of this and other reports and documents that we have filed with or furnished to the SEC for a more complete discussion of the factors and risks that could affect our future performance and the industry in which we operate, including the risk factors described in this Annual Report on Form 10-K. In light of these risks, uncertainties and assumptions, the forward-looking events described in this report may not occur as described, or at all.

You should not unduly rely on these forward-looking statements, which speak only as of the date of this report. The Company undertakes no obligation to publicly revise any forward-looking statement to reflect circumstances or events after the date of this report, or to reflect the occurrence of unanticipated events. You should, however, review the factors and risks the Company describes in the reports it files from time to time with the Securities and Exchange Commission, or SEC.

In this Form 10-K and any amendment or supplement hereto, unless otherwise indicated, the terms "CEDC", the "Company", "we", "us", and "our" refer and relate to Central European Distribution Corporation, a Delaware corporation, and, where appropriate, its subsidiaries.

PART I

Item 1. Business

Central European Distribution Corporation ("CEDC"), a Delaware corporation incorporated on September 4, 1997, and its subsidiaries (collectively referred to as "we," "us," "our," or the "Company") operate primarily in the alcohol beverage industry. We are one of the largest producer of vodka in the world and are Central and Eastern Europe's largest integrated spirit beverages business, measured by total volume, with approximately 32.7 million nine-liter cases produced and distributed in 2010. Our business primarily involves the production and sale of our own spirit brands (principally vodka), and the importation on an exclusive basis of a wide variety of spirits, wines and beers. Our primary operations are conducted in Poland, Russia and Hungary. Additionally in 2010, we opened up a new operation in the Ukraine to import and sell our vodkas, primarily Green Mark, where we rose to an approximate 3% of market share by year end. We have eight manufacturing facilities located in Poland and Russia, and a total work force of more than 4,150 employees.

In Poland, we are one of the largest vodka producers with a brand portfolio that includes *Absolwent*, *Zubrowka*, *Bols, Palace* and *Soplica* brands, each of which we produce at our Polish distilleries. In addition, we produce *Zubrowka Biala* , which has become one of the fastest growing brands in the Polish market, since we launched it in November of 2010. We produce and sell vodkas primarily in three vodka sectors: premium, mainstream, and economy. In Poland, we also produce and distribute *Royal*, the top-selling vodka in Hungary.

We are also the largest vodka producer in Russia, the world's largest vodka market. Our *Green Mark* brand is the top-selling mainstream vodka in Russia and the second-largest vodka brand by volume in the world and our *Parliament* and *Zhuravli* brands are two top-selling sub-premium vodkas in Russia.

For the year ended December 31, 2010, our Polish and Russian operations accounted for 31.0% and 64.7% of our revenues respectively and, excluding impairment and certain unallocated corporate charges, 27.8% and 67.7% of our operating profit, respectively.

We are a leading importer of spirits, wines and beers in Poland, Russia and Hungary, and we generally seek to develop a complete portfolio of premium imported wines and spirits in each of the markets we serve. We maintain exclusive import contracts for a number of internationally recognized brands, including *Jim Beam Bourbon, Campari, Jägermeister, Remy Martin Cognac, Guinness, Corona, Budvar, E&J Gallo* wines*, Carlo Rossi* wines*, Sutter Home* wines*, Metaxa Brandy, Sierra Tequila, Teacher's Whisky, Cinzano, Old Smuggler, Grant's Whisky* and *Concha y Toro* wines.

In Poland, we are one of the leading vodka producers and in Russia we are the leading vodka producer. Our brands in both countries are well-represented in all vodka sectors. Our production capacity in both countries gives us the ability to introduce new brands to both markets, of which the best recent examples are Zubrowka Biala in Poland, which we introduced in November of 2010, and Black Sail Brandy in Russia, which we introduced in October of 2010. We believe this ability to introduce new brands to market in an ever changing economic and consumer preference environment gives us a distinct advantage over our competitors.

In addition to our operations in our three primary markets of Poland, Russia and Hungary, we have distribution agreements for our vodka brands in a number of key export markets including the Ukraine, CIS, the United States, Japan, the United Kingdom, France and many other Western European countries. In 2010, exports represented 8.1% of our sales by value.

Our Competitive Strengths as a Group

Depth of market position in Poland—We are a leading producer and importer of alcoholic beverages in Poland. Our brand portfolio includes top-selling brands that we produce as well as brands which we import on an exclusive basis. Our broad portfolio of products, which includes over 700 brands of alcoholic beverages, allows

us to address a wide range of consumer tastes and trends as well as wholesaler needs. Our existing portfolio of well-known vodka brands and leading import brands provides us with a solid portfolio base with leading brands in the premium and economy sector and enhanced mainstream portfolio through the launch of *Zubrowka Biala* in 2010 . Additionally, we have the scope and ability to bring new products to market in a timely and cost efficient manner to meet the changing desires of our consumers.

Solid platform for further expansion in the fragmented Russian spirits market—We are the largest vodka producer in Russia, producing approximately 18.0 million nine-liter cases in 2010. With the inclusion of Parliament, the Whitehall Group (which we refer to as Whitehall) and Russian Alcohol products, we have a large portfolio of alcoholic beverages, including *Green Mark*, the top-selling mainstream vodka brand in Russia and the second largest vodka brand by volume in the world, and *Parliament* and *Zhuravli*, two top-selling sub-premium vodka brands in Russia. These brands are supported by a combined sales force of approximately 1,708 people. We believe our combined size and the geographic coverage of our sales force enable us to benefit from the ongoing consolidation in the Russian spirits market. Furthermore, we believe we have the necessary infrastructure to introduce new brands to the market place at the segments where consumer demand is strongest.

Our sales force in Russia includes approximately 1,300 people allocated to Exclusive Sales Teams, or ESTs. ESTs are employed by wholesalers that carry our vodka products but focus exclusively on the merchandising, marketing and sale of this portfolio. Because spirits advertising is heavily regulated in Russia, we believe that this structure provides us with meaningful marketing benefits as it allows us to maintain direct relationships with retailers and to ensure that our products receive prominent shelf space. Wholesalers who employ our ESTs are solely compensated through a rebate on purchases of our vodka brands. This arrangement enables us to maintain an expansive and exclusive sales force covering all regions of Russia with limited associated fixed overhead costs.

Attractive import platform for international spirit companies to market and sell products in Poland, Russia and Hungary— Our existing import platform, under which we are the exclusive importer of numerous brands of spirits, wines and beers into each of our core markets, combined with our sales and marketing organizations in Poland, Russia and Hungary provide us with an opportunity to continue to expand our import portfolio. We believe we are well-positioned to serve the needs of other international spirit companies that wish to sell products in these markets but lack the necessary distribution network and sales experience.

Attractive market dynamics—We believe that a combination of factors make Poland and Russia attractive markets for companies involved in the alcoholic beverage industry.

- Russia and Poland rank as the largest and fourth-largest markets for vodka in the world, respectively, by volume, and vodka accounts for over 90% of all spirits consumed in both markets in Russia even over 95%. Wine and beer consumption have also increased in both Poland and Russia, and we believe spirits sales value in both markets are in a position to grow. As major producers of vodka and a leading importer of wine and beer in both countries, we are well-positioned to service consumer demand in our markets.
- We believe that consumers in Poland and Russia increasingly demand a wider range of wine and spirits from mainstream to sub-premium brands especially imported products, and we are well positioned to meet that demand in the coming years with top-selling brands in the domestic vodka mainstream and sub-premium categories. Additionally, we believe that, unlike many of our competitors, we are well positioned to meet that demand with the combination of our market-leading domestically produced products and our exclusive import portfolio. In addition, we are well-positioned to participate in the value vodka sector if economic conditions and consumer spending patterns go in that direction. We have the leading value brand in Russia, *Yamskaya*, and are prepared to introduce new value brands if the consumer and the economic conditions dictate.

Growth Strategies

Capitalize on the Russian market consolidation—The Russian vodka market is currently fragmented, and we believe we have the necessary resources to take market share from struggling competitors in the near and long-term. We estimate that the top five vodka producers in Russia accounted for estimated 50% of the total market share in 2010 as compared to an estimated 26% in 2006. We believe, based on our experience of consolidation trends in Poland that the combined market share of the top five vodka producers in Russia could increase from 50% to 70-80% in the next five years as the Russian market continues to consolidate. We intend to capitalize on our leading brand position, our breadth of portfolio, our ability to bring new brands to market and our expansive sales and distribution network to expand our market share in Russia.

Develop our portfolio of exclusive import brands—In addition to the development of our own brands, our strategy is to be the leading importer of wines and spirits in the markets where we operate. We have already developed an extensive wine and spirit import portfolio within Poland. In Russia, we intend to capitalize on the import platform of Whitehall and the combined sales and marketing strength of Parliament and Russian Alcohol by developing new import opportunities and capitalizing on the overall growth in imports. In 2010, we began to import several new brands to Russia, including *DeKuyper*, *Jose Cuervo*, *Gallo* and *Borco* and we expanded our exclusive Polish import relationship with *Campari* to include Hungary.

Continue to focus on sales of our domestic and export brands and exclusive import brands—Within Poland we will continue our marketing efforts behind *Zubrowka Biala* after the launch in November 2010. During 2010, we nearly doubled the size of our sales force in Poland to improve our ability to execute in the market place. We are also in the process of completing an extensive program to develop new packaging and marketing programs for *Bols*, *Zubrowka*, *Absolwent, Soplica* and *Palace* vodka in our core markets. We also plan to introduce flavor extensions of our *Soplica* and *Zubrowka* brands.

We also intend to seek new export opportunities for our vodka brands, such as *Zubrowka*, through new export package launches and product extensions.

Recent Acquisitions

On February 7, 2011, we entered into a definitive Share Sale and Purchase Agreement and registration rights, in accordance with the terms which were agreed by the parties on November 29, 2010, and disclosed on the Company's Current Report on Form 8-K, filed with the Securities and Exchange Commission on November 29, 2010. Pursuant to this agreement, among other things and upon the terms and subject to the conditions contained therein, we received the remainder of the economic and voting interests in the Whitehall Group not owned by us as well as the global intellectual property rights for the *Kaufman Vodka* brand. In exchange we paid an aggregate of $68.5 million in cash and issued 959,245 shares of the Company's common stock, par value $0.01 per share. The issued shares had an aggregate value of $23.0 million based on the 30 day volume weighted average price of a share of our common stock on the day prior to the closing. In addition, if the aggregate value of such shares (based on the lower of the trading price of a share of our common stock or the 10 day volume weighted average price) is less than $23.0 million on the day prior to filing a registration statement for resale of the shares or the day shares are sold under Rule 144 of the Securities Act, the recipient of such shares is entitled to a payment in cash equal to such difference in value. Such amount is not yet determinable.

The Whitehall Group is one of the leading importers and distributors of premium wines and spirits in Russia. Kauffman vodka is one of the leading super-premium vodkas in Russia with a strong presence in top end restaurants and hotels and key accounts. The brand is also exported to high-end customers in over 25 countries.

Industry Overview

Poland

The total net value of the alcoholic beverage market in Poland was estimated to be approximately $7 to $9 billion in 2010. Total sales value of alcoholic beverages at current prices decreased by approximately 1.6% from December 2009 to December 2010. This decrease was due, for the most part, to the effects of the world-wide economic crisis. Poland fared better than most countries in the region, but was nevertheless affected. Beer and vodka account for approximately 90% of the value of sales of all alcoholic beverages.

Spirits

We are one of the leading producers of vodka in Poland. We compete primarily with eight other major spirit producers in Poland, most of which are privately-owned, while the remainder is still state-owned. The spirit market in Poland is dominated by the vodka market. Domestic vodka consumption dominates the Polish spirits market with over 91% market share, as Poland is the fourth largest market in the world for the consumption of vodka and one of the top 25 markets for total alcohol consumption worldwide. The Polish vodka market is divided into four segments based on quality and price (*):

- Top premium and imported vodkas, with such brands as ***Bols Excellent,*** *Finlandia*, *Absolut*, *Chopin*, and *Krolewska*;
- Premium segment, with such brands as ***Bols Vodka***, *Sobieski*, *Wyborowa*, *Smirnoff*, *Maximus*, and ***Palace Vodka***;
- Mainstream segment, with such brands as ***Absolwent***, ***Batory*** , ***Zlota Gorzka***,, ***Soplica*** , ***Zubrowka (traditional), Zubrowka Biala (White Zubrowka)***, *Zoladkowa Gorzka, Krupnik, Luksusowa , Polska, Czysta de Luxe*; and
- Economy segment, with such brands as *Starogardzka, Krakowska,* ***Zytniowka***, ***Boss*** , ***Niagara*** , ***Czysta Slaska***, *1906, Z Czerwona Kartka, and* ***Ludowa***.

(*)Brands in bold face type are produced by us.

We produce vodka in all four segments and have our largest market share in the mainstream and premium segments. Though vodka brands compete against each other from segment to segment, the most competition is found within each segment. As we have a presence in each category and have a number of top-selling vodka brands in Poland, and have approximately a 23% market share measured by value, we are in a good position to compete effectively in all four segments.

In terms of value, the top premium and imported segment accounts for approximately 4% of total sales volume of vodka, while the premium segment accounts for approximately 18% of total sales volume. The mainstream segment, which is the largest, now represents 53% of total sales volume. Sales in the economy segment currently represent 25% of total sales volume.

Wine

The Polish wine market, which grew to an estimated 100 million liters in 2010, is represented primarily by two categories: table wines, which account for 2% of the total alcohol market, and sparkling wines, which account for 0.7% of the total alcohol market. As Poland has almost no local wine production, the wine market has traditionally been dominated by imports, with lower priced Bulgarian wines representing the bulk of sales. However, over the last four years, sales of new world wines from regions such as the United States, Chile, Argentina and Australia have seen rapid growth. In 2010, it is estimated that sales of wine from these regions grew by 6.3% in volume. Also in 2010, our exclusive agency brand, *Carlo Rossi*, continued to be the number one selling wine in Poland by value.

We believe that consumer preference is trending towards higher priced table wines. The best selling wines in Poland previously retailed for under $3 per bottle. Currently, the best selling wines retail in the $4-$7 range.

Beer

Poland is the fourth largest beer market in Europe. Sales of beer remained stable in volume in 2010 but still account for 50% of the total sales value of alcoholic beverages in Poland.

Three major international producers, Heineken, SAB Miller and Carlsberg, control 88% of the market through their local brands.

Russia

Russia, with its official production of approximately 1.05 billion liters in 2010, is by far the largest vodka market worldwide. The Russian vodka market is fragmented, with, in our estimation, the top five producers having a combined volume market share of approximately an estimated 50% in 2010. This number is up from 2006 when the top five producers only had an estimated 26% market share. Further sector consolidation has been ongoing in recent years, with the potential to continue in the near term despite the market being down 4.4% in 2010. With the introduction of minimum pricing by the Russian government, there was a movement by the consumer away from black / grey market vodka to officially produced-vodka. While official statistics are not yet available, we believe that approximately 10% of the black /grey market moved into official channels in 2010. However, we also believe that the majority of the sales that moved into the official market were in the lower economy sector consisting of vodka with an average retail shelf price of 89 to 95 rubles per half liter. While we did not aggressively participate in this lower economy sector, some of our competition did and gained market share as a result. For 2011, the Russian government passed legislation to raise the minimum price from 89 to 100 rubles. We believe that this increase in minimum price will be beneficial for our portfolio as it brings market minimum pricing closer to price points at which we have a more developed portfolio and brand presence.

We believe we are well-positioned to participate in the consolidation of the Russian vodka market in 2011 as we have the leading brands by volume and value in the mainstream and sub-premium categories, dedicated ESTs in place and experienced management not only at the corporate level but also at the operating level. In addition, the Russian government has put in place very restrictive policies on the advertising of spirits. We believe these policies make it difficult for any competitor to buy market share by out-spending its rivals.

Spirits

Vodka consumption dominates the Russian spirits market with over 95% market share. The Russian vodka market is divided into five segments based on quality and price: top premium, premium, sub-premium, mainstream, and economy. In terms of value, the top premium segment accounts for approximately 0.1% of total sales volume of vodka, while the sub-premium and premium segment accounts for approximately 12.7% of total sales volume. The mainstream segment now represents 33.8% of total sales volume. Sales in the economy and cheap segment currently represent 53.4% of total sales volume. We believe the economy sector grew vis a vis the other sectors in 2010 as a result of the implementation of minimum pricing, as described above.

Vodka represented 95% of the total Russian spirits market in 2010. Although our belief is that the vodka market decreased approximately 4.4% in 2010 versus 2009, we believe that the market will stabilize in the first half of 2011 and that the premiumization that had occurred for 7 years before the crisis will return as wages begin to rise in Russia. As before, we believe the premiumization process should most benefit the mainstream and sub-premium brands. We believe we are well-positioned for this with the best selling brands in both the sub-premium and mainstream sectors. In addition, with our current capacity and relatively little capitalization expense, we plan to introduce new brands to the market to capture sales in any sector that we believe will have the most dynamic growth potential. Similar to 2010, we can be in a position to participate more actively in the economy sector with the introduction of new brands if we determine that it will be beneficial to our business. We currently produce the best selling overall economy brand in Russia, *Yamskaya*.

The Russian vodka market is quite fragmented, with the top five producers only having an estimated 50% market share in 2010 as compared to an estimated 90% market share in Poland and an estimated 85% market share in the Ukraine. We believe that the Russian market will experience trends similar to those experienced in the Polish market and will continue to see further consolidation of the market as the retail infrastructure further consolidates and develops and the effects of the economic crisis stabilize and diminish. We believe that this consolidation post crisis will increase significantly over the next 3-5 years.

Wine

According to market data, Russia has relatively low wine consumption per capita (about 5.6 liters per year). It is expected to grow at an estimated 8% annual growth rate during the period from 2010-2012.

Currently the fastest growing category in the Russian wine market is sparkling wine. In 2010, sparkling wine sales grew 17.2% by volume and 20% by value terms, according to Euromonitor. Despite the fact that domestic wines prevail on the market, the share of imported higher quality wines has been constantly growing. We believe we can benefit in the future from the growing Russian wine market through the import and distribution of high-value wines and the addition of new wines to our import and distribution portfolio in Russia. Through Whitehall, we import wines from Constellation and Concha y Toro among others.

Ready to Drink (RTD)

The Ready to Drink (or Long Drink) market in Russia consists of pre-mixed beverages with 9% or less alcohol content. The key segments of the market are gin-based drinks, Alco-Energy drinks and fruit-based drinks. Our Bravo Premium distillery produces the gin-based *Bravo Classic* brand, which accounts for approximately 45% of our long drinks sales volume, while the new brands, *Amore and Elle* have doubled in volume to greater than 30%. In the gin-based segment we have a 14% market share and in the fruit-based segment we have a 7% market share. We have focused over the last two years on improving the profitability of these products through a combination of more targeted selling and mix improvement. The Long Drinks business continues to show significant margin improvement over prior years.

Hungary

Spirits

The Hungarian spirit market is dominated primarily by bitters and brown spirits. Currently, the most popular spirit drinks are *Jägermeister*, ***Royal Vodka***, *Fütyülos*, *Kalinka vodka*, *Unicom*, *Metaxa*, *Ballantines* and *Johnnie Walker*. The current significant trends in the Hungarian spirit market are the overall decrease in total spirit consumption and a pronounced move by the consumer to branded imported spirits. Our *Royal Vodka* brand is the number one selling vodka in Hungary. In addition, Hungary is the third largest market in the world for sales of our exclusive agency brand, *Jägermeister*.

We believe that the total size of the spirit market in Hungary is approximately 55 million liters which has declined in 2010 by approximately 10%. However despite the decreasing total sales volume of spirits, we believe that the share of imported spirits, the segment in which we operate, is growing, while the consumption of local spirits is in decline. The increasing share of import was a result of eliminated custom duty and the improving purchasing power since the EU accession, as well as the continuous marketing and advertising activities of the imported spirit brands.

The spirit market is split into two major segments in Hungary: local producers and importers. The local producers are primarily dealing with low-cost, mainstream or below, local products, as well as with premium fruit-based spirits (palinka). The import spirit market is more competitive and relatively fragmented. The major players are the market leader Zwack Unicum Zrt (with an interest in both the local and import spirit segment), CEDC as the biggest spirit importer company, and Bacardi-Martini, Pernod Ricard Hungary, and Heinemann.

Our advantage in Hungary is the combination of our wide portfolio which has the number one leading brands in the vodka, bitter and imported brandy categories, and our experienced sales and marketing team which offers premium service and builds strong brand equities.

Operations by Country

Poland

We are one of the leading producers of vodka by value and volume in Poland, and one of the largest producers of vodka in the world. We own two production sites in Poland: Bols and Polmos Białystok. In the Bols distillery, we produce the *Bols* and *Soplica* vodka brands, among other spirit brands. Polmos Białystok produces *Absolwent* and *Zubrowka* which have been two of the leading vodkas in Poland. *Absolwent* and *Soplica* have consistently been two of the top ten mainstream selling vodkas in Poland. *Zubrowka* is also exported out of Poland to many markets around the world, including the United States, England, Japan and also France, where it is the number two imported premium vodka by volume. In addition to the *Absolwent* and *Zubrowka* brands, Polmos Białystok produces the *Zubrowka Biala* brand, which was launched in November 2010.

We are the leading importer of spirits, wine and beer in Poland. We currently import on an exclusive basis approximately 40 leading brands of spirits, wine from over 40 producers and 5 brands of beer.

Brands

We sold approximately 8.6 million nine-liter cases of vodka, wine and spirits through our Polish business in 2010 including both our own produced vodka brands as well as our exclusive agency import brands.

Our mainstream vodkas are represented by *Absolwent*, *Soplica, Zubrowka* and *Zubrowka Biala* brands among others. Of our brands, Absolwent has been one of the top-selling brands in Poland for over 7 years. *Soplica* has been a fixture in the mainstream category over the last several years, and we plan to introduce additional flavor extensions in 2011, which we expect will further enhance this position. Our *Zubrowka* brand is the second best selling flavored and colored vodka in Poland and is exported to markets around the world. In 2010, we sold approximately 189 thousands nine-liter cases of *Zubrowka* outside of Poland. *Zubrowka Biala* is our new mainstream brand, which has sold extremely well since its launch in November 2010, and has captured significantly more market share than management had anticipated with over 3.8 million liters sold during the last two months of 2010. We look for *Zubrowka Biala* to continue to sell well in 2011.

Bols vodka continues to be our best selling premium vodka both in Poland and Hungary. We produce the top selling vodka in Hungary, *Royal Vodka*, which we distribute through our subsidiary Bols Hungary.

Import Portfolio

We have exclusive rights to import and distribute approximately 40 leading brands of spirits, wine and beer into Poland and distribute these products throughout the country. We also provide marketing support to the suppliers who have entrusted us with their brands.

Our exclusive import brands in Poland include the following:

LIQUEURS	WHITE SPIRITS	BROWN SPIRITS	VERMOUTH & BITTERS	WINE & CHAMPAGNES	BEER	NON ALCOHOLIC
Disaronno Amaretto	Patron Tequila	Jim Beam	Cinzano—vermouth	Sutter Home	Guinness	Evian
Sambuca	Tequila Sierra	Camus	Campari	Miguel Torres	Kilkenny	
Amaretto Gozio	Cana Rio Cachaca	Remy Martin	Jaegermeister	Concha y Toro	Bitburger	
Amaretto Florence	Gin Finsbury	Metaxa		Gallo	Budweiser	
Amaretto Venice	Nostalgia Ouzo	Brandy Torres		Carlo Rossi	Corona	
Cointreau	Grappa Piave	Brandy St Remy		B. P. Rothschild		
Passoa	Grappa Primavera	Whisky William's		Frescobaldi		
Bols Liqueurs	Tequila Sauza	Whisky Teacher's		Codorniu		
	Rum Old Pascas	Whisky Old Smuggler		Piper Heidsieck		
	Gin Hendricks	Whisky Glen Grant		Penfolds		
		Grant's		Trivente		
		Glenfiddich		Rosemount		
		Balvenie		Trinity Oaks		
		Clan MacGregor		Terra d'oro		
				M.Chapoutier		
				Boire Manoux		
				Faustino		
				J.Moreau & Fils		
				Kressmann		
				Laroche		

The following table illustrates the breakdown of our sales in Poland in the twelve months ended December 31, 2010, 2009 and 2008:

Sales Mix by Product Category	2010	2009	2008
Vodka	70%	73%	76%
Beer	7%	9%	9%
Wine	12%	10%	7%
Spirits other than vodka	8%	4%	6%
Other	3%	4%	2%
Total	100%	100%	100%

Export activities

Owing to the strength of our production portfolios in Poland and Russia, we have a number of brands with export potential. In 2010, we divided the export team into three regions: the ex CIS countries, which include our *Green Mark* and *Parliament* brands, among others, and Western Europe; the Middle East, Africa and Duty Free; and the third region, the Americas and Asia Pacific. The last two groups will concentrate on our *Green Mark*, *Zubrowka* and *Parliament* brands, among others. We will continue to explore export possibilities in these regions throughout 2011.

During 2010, our core export brands were *Parliament*, which grew by 12.5% to 146 thousands nine-liter cases of sales in Germany, and *Zubrowka*, which was primarily exported to the United Kingdom, France, Japan and the United States. In 2011, we plan to continue to develop other markets and brands and current markets more aggressively than we have over the last few years. As an example, in 2010, we replaced our old importer of *Zubrowka* in the United States with Remy Cointreau USA, who have been extremely active in the on-trade channel in the states that we have targeted, and are in discussions with other importers to assist us in developing our brands around the world.

We are continuing to develop our third party private label export business in which we produce vodka to be sold under labels other than our own. Customers range from major retail chains in Europe to premium brand owners in the United States. For example, we currently produce *Ultimat* vodka (an ultra-luxury vodka sold primarily in the United States) for Patron as well as other similar agreements.

Sources and Availability of Raw Materials for Spirits that We Produce

The principal components in the production of our distilled spirits are products of agricultural origin, such as rectified spirit, as well as flavorings, such as bison grass for *Zubrowka*, and packaging materials, such as bottles, labels, caps and cardboard boxes. We purchase raw spirit, bison grass and all of our packaging materials from various sources in Poland by contractual arrangement and through purchases on the open market. Agreements with the suppliers of these raw materials are generally negotiated with indefinite terms, subject to each party's right of termination upon six months' prior written notice. The prices for these raw materials excluding spirit are negotiated on average every year. Spirit prices however are influenced by underlying grain price trends which can fluctuate quickly and therefore tend to be purchased on short term or spot rate agreements.

We have several suppliers for each raw material in order to minimize the effect on our business if a supplier terminates its agreement with us or if disruption in the supply of raw materials occurs for any other reason. We have not experienced difficulty in satisfying our requirements with respect to any of the products needed for our spirit production and consider our sources of supply to be adequate at the present time. We do not believe that we are dependent on any one supplier in our production activities.

Employees

As of December 31, 2010, we employed in Poland 951 employees.

Polish labor laws require that certain benefits be provided to employees, such as a certain number of vacation days, maternity leave and retirement bonuses. The law also restricts us from terminating employees without cause and, in most instances, requires a severance payment of one to three months' salary. Additionally, we are required to contribute monthly payments to the governmental health and pension system. Most of our employees are not unionized, and we have had no significant employee relations issues. In addition to the required Polish labor law requirements, we maintain an employee incentive stock option plan for key management and provide supplemental health insurance for qualified employees.

Government Regulations

The Company is subject to a range of regulations in Poland, including laws and regulations on the environment, trademark and brand registration, packaging and labeling, distribution methods and relationships, pricing and price changes, sales promotions and public relations, and may be required to obtain permits and licenses to operate its facilities. The Company is also subject to rules and regulations relating to changes in officers or directors, ownership or control.

The Company believes it is in compliance in all material respects with all applicable governmental laws and regulations in Poland, and expects all material governmental permits and consents to be renewed by the relevant governmental authorities upon expiration. The Company also believes that the cost of administration and compliance with, and liability under, such laws and regulations does not have, and is not expected to have, a material adverse impact on its financial condition, results of operations or cash flows.

Environmental Matters

We are subject to a variety of laws and regulations relating to land use and environmental protection, including the Polish Environmental Protection Law of April 27, 2001 (Dz.U. 2006. 129.902, as amended), the Polish Waste Law of April 27, 2001 (Dz.U. 2001. 62.628 as amended), the Polish Water Management Law of

April 18, 2001 (Dz.U.2005.239. 2019, as amended) and the Polish Act on Entrepreneurs' obligations regarding the management of some types of waste and deposit charges of May 11, 2001 (Dz.U. 2001.63.639, as amended). We are not required to receive an integrated permit to operate our Polmos Białystok and Bols production plants. However, we receive certain permits for the economic use of the environment, including water permits, permits for production and storage of waste and permits for discharge of pollutants into the atmosphere. In addition, we have entered into certain agreements related to the servicing and disposal of our waste, including raw materials and products unsuitable for consumption or processing, paper, plastic, metal, glass and cardboard packaging, filtration materials (used water filter refills), used computer parts, unsegregated (mixed) residential waste, damaged thermometers and alcoholmeters, used engine and transmission oils, batteries and other waste containing hazardous substances. In addition, we pay required environmental taxes and charges related primarily to packaging materials and fuel consumption and we believe we are in material compliance with our regulatory requirements in this regard. While we may be subject to possible costs, such as clean-up costs, fines and third-party claims for property damage or personal injury due to violations of or liabilities under environmental laws and regulations, we believe that we are in material compliance with applicable requirements and are not aware of any material breaches of said laws and regulations.

Trademarks

With the acquisitions of the Bols and Polmos Białystok distilleries, we became the owners of vodka brand trademarks. The major trademarks we have acquired are: *Bols* vodka brand (we have a perpetual, exclusive, royalty-free and sub-licensable trademark agreement for Poland, Russia and Hungary), *Soplica*, which we own through Bols, and the *Absolwent* and *Zubrowka* brands, which we own through Polmos Białystok. We also have the trademark for *Royal Vodka*, which is produced in Poland and which we currently sell in Hungary through our Bols Hungary subsidiary. See "Risk Factors—We may not be able to protect our intellectual property rights."

Alcohol Advertising Restrictions

Polish regulations do not allow any form of "above-the-line advertising and promotion," which is an advertising technique that is conventional in nature and impersonal to customers, using current traditional media such as television, newspapers, magazines, radio, outdoor, and internet mass media for alcoholic beverages with greater than 18% alcohol content.

We believe we are in material compliance with the government regulations regarding above-the-line advertising and promotion. To date, we have not been notified of any violation of these regulations.

Russia

We are the leading integrated spirits beverages business in Russia with an approximate 15.3% market share in vodka production. We produce *Green Mark*, the number one selling vodka in Russia and as well as the leading sub-premium vodkas in Russia, *Parliament* and *Zhuravli.* We also produce *Yamskaya*, the number one selling economy vodka in Russia, and premixed alcohol drinks, or long drinks.

The hypermarkets and large retail chains are expanding throughout Russia with different sized formatted stores, which are expected to better cover and penetrate those areas outside of the major cities of Russia. As we have central agreements in place with these hypermarkets and large retail chains as well as the largest trademark budget for spirits in Russia and the leverage it brings, we expect to benefit from this expansion.

We also own Whitehall, which holds the exclusive rights to the import of such premium wine brands as Concha y Toro and Constellation brands, as well as certain Gruppo Campari brands. Whitehall is also involved in a joint venture with Moet Hennessy—the French spirits and champagne business of LVMH. The Company is currently in negotiations with Moet Hennessy concerning the future of the joint venture, following our acquisition of control of the Whitehall Group. In addition to these import activities, Whitehall is also the owner of distribution centers in Moscow, Saint Petersburg, Rostov and Siberia as well as a wine and spirits retail network located in Moscow.

Brands

We produced and sold approximately 18.0 million nine-liter cases of vodka through our Russian business in 2010 in the main vodka segments in Russia: top premium, premium, sub-premium, mainstream, and economy. In addition we produced and sold approximately 3.3 million nine-liter cases of long drinks.

In the main stream segment we produce *Green Mark*, the number one selling brand in Russia, as well as the two leading sub-premium brands, *Zhuravli* and *Parliament*. In the first half of 2008 we introduced *Yamskaya*, which was the number one selling economy vodka in Russia in 2009 and 2010. In the second half of 2009, we also introduced *Gerovaya* and *Urozhay*, both lower mainstream brands. In October of 2010, we introduced *Black Sail,* brandy in 3, 4 and 5 star versions.

Import Portfolio

We are one of the leading importers of wine and spirits in Russia. Whitehall, our main import company, has exclusive rights to import and distribute a number of brands of spirits and wines into Russia. Exclusively imported brands include the following:

BROWN SPIRITS	***WHITE***	***CHAMPAGNES***	***WINES***
Hennessy	Jose Cuervo	Krug	
Cortel Brandy		Veuve Clicquot	Concha y Toro
Glenmorangie		Dom Perignon	Hardy's
Ardbeg		Moet & Chandon	Robert Mondavi
Gautier			Paul Masson
			Nobilo
			Fine wine collection
			Gallo

Sales Organization and Distribution

In Russia, we have a strong sales team that sells directly to the key retail accounts and primarily relies on third-party distribution through wholesalers to reach the small to medium sized outlets. For sales of our vodka brands we also have ESTs that were introduced back in 2006. We staff over 1,300 people to ESTs that currently cover the majority of Russia. The mission of these teams is to maintain direct relationships with retailers and ensure that the Company's products are properly positioned on the shelf. Members of ESTs are generally on the distributors' payrolls, which are indirectly remunerated by us via discounts granted to distributors. ESTs exclusively deal with our vodka products and currently control deliveries to approximately 63,000 points-of-sale (which is about 52% of all points-of-sale in Russia).

The following table illustrates the breakdown of our sales in Russia:

Sales Mix by Product Category	**2010**	**2009**
Vodka	85.0%	84.5%
Ready to drink products, wine and spirits other than vodka	15.0%	15.5%
Total	100%	100%

Sources and Availability of Raw Materials for Spirits that We Produce

The principal components in the production of our distilled spirits are products of agricultural origin, such as rectified spirit, as well as flavorings, such as bison grass for *Zubrowka*, and packaging materials, such as bottles, labels, caps and cardboard boxes. We purchase raw spirit, bison grass and all of our packaging materials from various sources in Poland by contractual arrangement and through purchases on the open market.

Agreements with the suppliers of these raw materials are generally negotiated with indefinite terms, subject to each party's right of termination upon six months' prior written notice. The prices for these raw materials, excluding spirit, are negotiated on average every year. Spirit prices however are influenced by underlying grain price trends which can fluctuate quickly and therefore tend to be purchased on short term or spot rate agreements. We have several suppliers for each raw material in order to minimize the effect on our business if a supplier terminates its agreement with us or if disruption in the supply of raw materials occurs for any other reason. We have not experienced difficulty in satisfying our requirements with respect to any of the products needed for our spirit production and consider our sources of supply to be adequate at the present time. We do not believe that we are dependent on any one supplier in our production activities.

Employees

As of December 31, 2010 we directly employed 3,154 individuals in Russia.

Government Regulations

The Company is subject to a range of regulations in Russia, including laws and regulations on the environment, trademark and brand registration, packaging and labeling, distribution methods and relationships, pricing and price changes, sales promotions and public relations, and may be required to obtain permits and licenses to operate its facilities. The Company is also subject to rules and regulations relating to changes in officers or directors, ownership or control. See "Risk Factors—"We are subject to extensive government regulation and are required to obtain and renew various permits and licenses; changes in or violations of laws or regulations or failure to obtain or renew permits and licenses could materially adversely affect our business and profitability."

In 2010, the Russian government also introduced further legislation affecting the selling of alcoholic beverages. In 2010, minimum pricing for spirits was introduced with a half liter bottle of spirit (including vodka) having a minimum required retail shelf price of 89 Russian rubles. For 2011, this minimum priced was raised to 98 rubles which the Russian government has indicated is the initial step that the government is taking to reduce the presence of the unofficial market. We expect the government to continue with this program, which we believe is beneficial for companies like ours operating in the official market.

The Company currently believes it is in compliance in all material respects with all applicable governmental laws and regulations in Russia. At the time of filing this report, however, the Company was still in process of obtaining a license renewal for the Bravo Premium distillery which only produces Ready to Drink products in Russia. The license was initially not renewed due to a required change to the storage tanks. The Company has since remedied the situation identified at the initial inspection, and is awaiting a follow-up inspection with the goal of obtaining the license renewal and resuming production.

Alcohol Advertising Restrictions

Russian regulations do not allow any form of "above-the-line advertising and promotion," which is an advertising technique that is conventional in nature and impersonal to customers, using current traditional media such as television, newspapers, magazines, radio, outdoor signage, and internet mass media, for alcoholic beverages with greater than 18% alcohol content.

We believe we are in material compliance with the government regulations regarding above-the-line advertising and promotion. To date, we have not been notified of any violation of these regulations.

Trademarks

With the acquisition of Parliament and Russian Alcohol we became the owners of vodka brand trademarks in Russia. The main trademarks we have are *Parliament*, *Green Mark* and *Zhuravli* vodka brands. We also have trademarks with other brands we own in Russia. See "Risk Factors—We may not be able to protect our intellectual property rights."

Hungary

Brands

In July of 2006, we acquired the trademark for *Royal Vodka*, which we produce in Poland and which we currently sell in Hungary through our Bols Hungary subsidiary. *Royal Vodka* is the number one selling vodka in Hungary with market share of approximately 33%.

Exclusive imported brands to Hungary include the following:

CEDC BRANDS	*VERMOUTH and BITTERS*	*LIQUEURS*	*WHITE VODKAS*	*BROWN SPIRITS*
Bols Vodka	Campari	Jaegermeister	Jose Cuervo	Cognac Remy Martin
Zubrowka	Cinzano	Bols Liqueurs	Silver Top Dry Gin	Metaxa
Royal Vodka		Cointreau	Calvados Boulard	Brandy St Remy
		Carolans		Grant's
		Passoa		Glenfiddich
		Galliano		Tulamore Dew
		Irish Mist		Old Smuggler

Sales Organization and Distribution

In Hungary, we employ approximately 24 salespeople who cover primarily on-trade and key account customers throughout the country.

Employees

As of December 31, 2010, we employed 50 employees including 48 persons employed on a full time basis.

Government Regulations

The Company is subject to a range of regulations in Hungary, including laws and regulations on trademark and brand registration, packaging and labeling, distribution methods and relationships, pricing and price changes, sales promotions and public relations. The Company is also subject to rules and regulations relating to changes in officers or directors, ownership or control.

The Company believes it is in compliance in all material respects with all applicable governmental laws and regulations in Hungary, and expects all material governmental permits and consents to be renewed by the relevant governmental authorities upon expiration. The Company also believes that the cost of administration and compliance with, and liability under, such laws and regulations does not have, and is not expected to have, a material adverse impact on its financial condition, results of operations or cash flows.

Corporate Operations and Other

The Corporate Operations and Other division includes traditional corporate-related items including executive management, corporate development, corporate finance, human resources, internal audit, investor relations, legal and public relations.

Taxes

We operate in the following tax jurisdictions: Poland, the United States, Hungary, Russia, Cyprus and Luxembourg. In Poland, Russia and Hungary we are primarily subject to Value Added Tax (VAT), Corporate Income Tax, Payroll Taxes, Excise Taxes and Import Duties. In the United States we are primarily subject to Federal and Pennsylvania State Income Taxes, Delaware Franchise Tax and Local Municipal Taxes. We believe we are in material compliance with all relevant tax regulations.

Excise taxes comprise significant portions of the price of alcohol and their calculations differ by country. In Poland and Russia, where our production takes place, the value of excise tax rates for 2010 amounted to PLN 49.6 ($17.60) and RUB 210 ($7.00) per liter of 100% alcohol.

Research and Development

We do not have a separate research and development unit, as new product developments are primarily performed by our marketing and production department. Our activity in this field is generally related to development of new brands as well as improvements in packaging and extensions to our existing brand portfolio, or revised production processes, leading to improved taste.

Available Information

We maintain an Internet website at http://www.cedc.com. Please note that our Internet address is included in this annual report as an inactive textual reference only. The information contained on our website is not incorporated by reference into this annual report and should not be considered part of this report.

We file annual, quarterly and current reports, proxy statements and other information with the SEC. We make our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, amendments to those reports and most of our other SEC filings available free of charge through our Internet website as soon as reasonably practicable after we electronically file these materials with the SEC. You may read and copy any document we file with the SEC at the SEC's public reference room at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. These filings are also available to the public over the Internet at the SEC's website at http://www.sec.gov. In addition, we provide paper copies of our SEC filings free of charge upon request. Please contact the Corporate Secretary of the Company at 1-856-273-6980 or at our address set forth on the cover page of this annual report.

We have adopted a code of ethics applicable to all of our officers, directors and employees, including our Chief Executive Officer and Chief Financial Officer (who is also our Principal Accounting Officer). The code of ethics is publicly available on the investor relations page of our website at http://www.cedc.com. We intend to disclose any amendment to, or waiver from, any provision in our code of ethics that applies to our Chief Executive Officer and Chief Financial Officer by posting such information in the investor relations section of our website at http://www.cedc.com and in any required SEC filings.

Item 1A. Risk Factors.

Risks Related to Our Business

We operate in highly competitive industries, and competitive pressures could have a material adverse effect on our business.

The alcoholic beverages production and distribution industries in our region are intensely competitive. The principal competitive factors in these industries include product range, pricing, distribution capabilities and responsiveness to consumer preferences, with varying emphasis on these factors depending on the market and the product.

In Poland, we have seen significant growth of sales through the key account and discounters channels. These channels tend to operate on lower price levels from producers such as us and therefore can contribute to lower gross and operating profit margins.

In Russia, hypermarket and large retail chains continue to grow their share of the trade. Traditional trade outlets typically provide us with higher margins from sales as compared to hypermarkets and large retail chains. There is a risk that the expansion of hypermarkets and large retail chains will continue to occur in the future, thus

reducing the margins that we may derive from sales to wholesalers that primarily serve the traditional trade. This potential margin reduction, however, will be partially offset by lower distribution costs due to direct, bulk deliveries associated with sales to the modern trade.

As a manufacturer of vodka in Poland and Russia, we face competition from other local producers. We compete with other alcoholic and nonalcoholic beverages for consumer purchases in general, as well as shelf space in retail stores, restaurant presence and distributor attention. In addition, we compete for customers on the basis of the brand strength of our products relative to our competitors' products. Our success depends on maintaining the strength of our consumer brands by continuously improving our offerings and appealing to the changing needs and preferences of our customers and consumers. While we devote significant resources to the continuous improvement of our products and marketing strategies, it is possible that competitors may make similar improvements more rapidly or effectively, thereby adversely affecting our sales, margins and profitability.

Our results are linked to economic conditions and shifts in consumer preferences, including a reduction in the consumption of alcoholic beverages.

Our results of operations are affected by the overall economic trends in Poland, Russia and Hungary, the level of consumer spending, the rate of taxes levied on alcoholic beverages and consumer confidence in future economic conditions. The current negative economic conditions and outlook, including volatility in energy costs, severely diminished liquidity and credit availability, falling equity market values, weakened consumer confidence, falling consumer demand, declining real wages and increased unemployment rates, have contributed to a global recession. The effects of the global recession in many countries, including Poland, Russia and Hungary have been quite severe and it is possible that an economic recovery in those countries will take longer to develop.

During the current period of economic slowdown, reduced consumer confidence and spending may result in reduced demand for our products and may limit our ability to increase prices and finance marketing and promotional activities. A continued recessionary environment would likely make it more difficult to forecast operating results and to make decisions about future investments, and a major shift in consumer preferences or a large reduction in sales of alcoholic beverages could have a material adverse effect on our business, financial condition and results of operations.

Loss of key management would threaten our ability to implement our business strategy.

The management of future growth will require our ability to retain William Carey, our Chairman, Chief Executive Officer and President, as well as certain other key members of management. William Carey, who founded our company, has been a key person in our ability to implement our business plan and grow our business.

Changes in the prices of supplies and raw materials could have a material adverse effect on our business.

Prices for raw materials used for vodka production may take place in the future, and our inability to pass on these increases to our customers could reduce our margins and profits and have a material adverse effect on our business. We cannot assure you that the price of raw spirits will not continue to increase or that we will not lose the ability to maintain our inventory of raw spirits, either of which would have a material adverse effect on our financial condition and results of operations, as we may not be able to pass this cost on to the consumers. For example, in 2010 the summer drought in Russia and Eastern Europe led to increased prices for raw spirits which negatively impacted our net income and cash flows.

We are exposed to exchange rate and interest rate movements that could have a material adverse effect on our financial results and comparability of our results between financial periods.

Our functional currencies are the Polish zloty, Russian ruble and Hungarian forint. Our reporting currency, however, is the U.S. dollar, and the translation effects of fluctuations in exchange rates of our functional currencies into U.S. dollars may materially impact our financial condition and net income and may affect the comparability of our results between financial periods.

In addition, our senior secured notes and our convertible senior notes are denominated in euros and U.S. dollars and the proceeds of the note issuances have been on-lent to certain of our operating subsidiaries that have the Polish zloty and Russian ruble as their functional currency**.** Movements in the exchange rate of the euro and U.S. dollar to Polish zloty and Russian ruble could therefore increase the amount of cash, in Polish zloty and Russian ruble, that must be generated in order to pay principal and interest on our notes.

The impact of translation of our notes could have a material adverse effect on our reported earnings. The table below summarizes the pre-tax impact of a one percent movement in each of the exchange rates which could result in a significant impact in the results of our operations as of December 31, 2010.

Exchange Rate	Value of notional amount	Pre-tax impact of a 1% movement in exchange rate
USD-Polish zloty	$426 million	$4.3 million gain/loss
USD-Russian ruble	$264 million	$2.6 million gain/loss
EUR-Polish zloty	€430 million or approximately $575 million	$5.8 million gain/loss

Foreign exchange rates may be influenced by various factors, including changing supply and demand for a particular currency; government monetary policies (including exchange control programs, restrictions on local exchanges or markets and limitations on foreign investment in a country or on investment by residents of a country in other countries); changes in trade balances; trade restrictions; and currency devaluations and revaluations. Additionally, governments from time to time intervene in currency markets, directly or by regulation, in order to influence prices. These events and actions are unpredictable and could materially and adversely impact our business, results of operations and financial condition.

Weather conditions may have a material adverse effect on our sales or on the price of grain used to produce spirits.

We operate in an industry where performance is affected by the weather. Changes in weather conditions may result in lower consumption of vodka and other alcoholic beverages. In particular, unusually cold spells in winter or high temperatures in the summer can result in temporary shifts in customer preferences and impact demand for the alcoholic beverages we produce and distribute. Similar weather conditions in the future may have a material adverse effect on our sales which could affect our business, financial condition and results of operations. In addition, inclement weather may affect the availability of grain used to produce raw spirit, which could result in a rise in raw spirit pricing that could negatively affect margins and sales. For example, in 2010 the summer drought in Russia and Eastern Europe led to increased prices for raw spirits which negatively impacted our net income and cash flows.

We are subject to extensive government regulation and are required to obtain and renew various permits and licenses; changes in or violations of laws or regulations or failure to obtain or renew permits and licenses could materially adversely affect our business and profitability.

Our business of producing, importing and distributing alcoholic beverages in Poland and Hungary is subject to regulation by national and local governmental agencies and European Union authorities. In addition, our business in Russia is subject to extensive regulation by Russian authorities. These regulations and laws address such matters as licensing and permit requirements, regarding the production, storage and import of alcoholic

products; competition and anti-trust matters; trade and pricing practices; taxes; distribution methods and relationships; required labeling and packaging; advertising; sales promotion; and relations with wholesalers and retailers. During the peak of our 2010 Christmas production season, we were unable to obtain excise stamps from Russian authorities to be used at our largest production plant in Russia due to an administrative issue, over usage of old stamps, that blocked us from obtaining new excise stamps. Excise stamps are typically purchased every two to three weeks from the Russian authorities and are required to be purchased prior to the production of any vodka. Without these stamps, which must be affixed to each container of an alcoholic beverage exceeding 9% alcohol by volume produced in Russia, this plant was unable produce vodka during the peak of our production season. This loss of production capacity negatively affected our sales and increased our operating costs as we attempted to increase production at other facilities to offset the lost production. It is possible that we could have similar issues in the future that will adversely impact our sales and operating costs. Additionally, new or revised regulations or requirements or increases in excise taxes, customs duties, income taxes, or sales taxes could materially adversely affect our business, financial condition and results of operations.

In addition, we are subject to numerous environmental and occupational, health and safety laws and regulations in the countries in which we operate. We may incur significant costs to maintain compliance with evolving environmental and occupational, health and safety requirements, to comply with more stringent enforcement of existing applicable requirements or to defend against challenges or investigations, even those without merit. Future legal or regulatory challenges to the industry in which we operate or our business practices and arrangements could give rise to liability and fines, or cause us to change our practices or arrangements, which could have a material adverse effect on us, our revenues and our profitability.

Governmental regulation and supervision as well as future changes in laws, regulations or government policy (or in the interpretation of existing laws or regulations) that affect us, our competitors or our industry generally, strongly influence our viability and how we operate our business. Complying with existing laws, regulations and government policy is burdensome, and future changes may increase our operational and administrative expenses and limit our revenues. For example, we are currently required to have various permits and licenses to produce and import products, maintain and operate our warehouses, and distribute our products to wholesalers. Some of these licenses are scheduled to expire in 2011. Many of these permits and licenses, such as our general permit for wholesale trade, must be renewed when they expire. Although we believe that our permits will be renewed upon their expiration, there is no guarantee that such will be the case. As we discuss above, we currently are experiencing a delay in obtaining a permit for our Bravo Premium distillery, which produces Ready to Drink products in Russia. Revocation or non-renewal of permits or licenses that are material to our business could have a material adverse effect on our business. In addition, a delay in renewal could have an indirect material adverse effect on our business if, for example, our customers are unable to renew their wholesale permits. Our permits could also be revoked prior to their expiration dates due to nonpayment of taxes or violation of health requirements. Additionally, governmental regulatory and tax authorities have a high degree of discretion and may at times exercise this discretion in a manner contrary to law or established practice. Such conduct can be more prevalent in jurisdictions with less developed or evolving regulatory systems like Russia. Our business would be materially and adversely affected if there were any adverse changes in relevant laws or regulations or in their interpretation or enforcement. Our ability to introduce new products and services may also be affected if we cannot predict how existing or future laws, regulations or policies would apply to such products or services.

We may not be able to protect our intellectual property rights.

We own and license trademarks (for, among other things, our product names and packaging) and other intellectual property rights that are important to our business and competitive position, and we endeavor to protect them. However, we cannot assure you that the steps we have taken or will take will be sufficient to protect our intellectual property rights or to prevent others from seeking to invalidate our trademarks or block sales of our products as a violation of the trademarks and intellectual property rights of others. In addition, we cannot assure you that third parties will not infringe on or misappropriate our rights, imitate our products, or

assert rights in, or ownership of, trademarks and other intellectual property rights of ours or in marks that are similar to ours or marks that we license and/or market. In some cases, there may be trademark owners who have prior rights to our marks or to similar marks. Moreover, Russia generally offers less intellectual property protection than in Western Europe or North America. We are currently involved in opposition and cancellation proceedings with respect to trademarks similar to some of our brands and other proceedings, both in the United States and elsewhere. If we are unable to protect our intellectual property rights against infringement or misappropriation, or if others assert rights in or seek to invalidate our intellectual property rights, this could materially harm our future financial results and our ability to develop our business.

We have incurred, and may in the future incur, impairment charges on our other trademarks and goodwill

At December 31, 2010, the Company had goodwill and other intangible assets of $2,077.6 million which constituted 61.2% of our total assets. While we believe the estimates and judgments about future cash flows used in the goodwill impairment tests are reasonable, we cannot provide assurance that future impairment charges will not be required if the expected cash flow estimates as projected by management do not occur, especially if an economic recession occurs and continues for a lengthy period or becomes severe, or if acquisitions made by the Company fail to achieve expected returns. We have incurred impairment charges in 2010 and other periods. Additional impairment charges related to our goodwill and other intangible assets could have a material adverse effect on our financial position and results of operations.

Our import contracts may be terminated.

As a leading importer of major international brands of alcoholic beverages in Poland and Hungary, we have been working with the same suppliers in those countries for many years and either have verbal understandings or written distribution agreements with them. In addition, we have distribution contracts in Russia through Whitehall. Where a written agreement is in place, it is usually valid for between one and five years and is terminable by either party on three to six months' notice.

Although we believe we are currently in compliance with the terms and conditions of our import and distribution agreements, there is no assurance that all our import agreements will continue to be renewed on a regular basis, or that, if they are terminated, we will be able to replace them with alternative arrangements with other suppliers. Moreover, our ability to continue to distribute imported products on an exclusive basis depends on some factors which are out of our control, such as ongoing consolidation in the wine, beer and spirit industry worldwide, or producers' decisions from time to time to change their distribution channels, including in the markets in which we operate.

Our business, results of operations and financial condition may be adversely affected if we undertake acquisitions of businesses that do not perform as we expect or that are difficult for us to integrate.

At any particular time, we may be in various stages of assessment, discussion and negotiation with regard to one or more potential acquisitions, not all of which will be consummated. We make public disclosure of pending and completed acquisitions when appropriate and required by applicable securities laws and regulations.

Acquisitions involve numerous risks and uncertainties. If we complete one or more acquisitions, our results of operations and financial condition may be affected by a number of factors, including: the failure of the acquired businesses to achieve the financial results we have projected in either the near or long term; the assumption of unknown liabilities; the fair value of assets acquired and liabilities assumed; the difficulties of imposing adequate financial and operating controls on the acquired companies and their management and the potential liabilities that might arise pending the imposition of adequate controls; the challenges of preparing and consolidating financial statements of acquired companies in a timely manner; the difficulties in integration of the operations, technologies, services and products of the acquired companies; and the failure to achieve the strategic objectives of these acquisitions. In addition, we may acquire a significant, but non-controlling, stake in a

business, which could expose us to the risk of decisions taken by the acquired business' controlling shareholder. Acquisitions in developing economies, such as Russia, involve unique risks in addition to those mentioned above, including those related to integration of operations across different cultures and languages, currency risks and the particular economic, political, and regulatory risks associated with specific countries.

Future acquisitions or mergers may result in a need to issue additional equity securities, spend our cash, or incur debt, liabilities or amortization expenses related to intangible assets, any of which could reduce our profitability.

Sustained periods of high inflation in Russia may materially adversely affect our business .

Russia has experienced periods of high levels of inflation since the early 1990s. Despite the fact that inflation has remained relatively stable in Russia during the past few years, our profit margins from our Russian business could be adversely affected if we are unable to sufficiently increase our prices to offset any significant future increase in the inflation rate.

We may fail to realize the anticipated benefits of the Russian Alcohol and Whitehall transactions

We acquired Russian Alcohol on January 20, 2010 and Whitehall in May 2008 with a buyout of the remaining stake completed on February 7, 2011. The success of Russian Alcohol and Whitehall will depend on, among other things, our ability to realize anticipated cost savings and our ability to combine our businesses and Russian Alcohol in a manner that does not materially disrupt existing relationships or otherwise result in decreased productivity. If we are unable to achieve these objectives, the anticipated benefits of the merger may not be realized fully or at all or may take longer to realize than expected.

The integration process could result in the loss of key employees, the disruption of our or Russian Alcohol's or Whitehall's ongoing businesses or inconsistencies in standards, controls, procedures or policies that could adversely affect our ability to maintain relationships with third parties and employees or to achieve the anticipated benefits of the transaction. To realize the benefits of the transactions, we must retain the key employees of Russian Alcohol and Whitehall and we must identify and eliminate redundant operations and assets across a geographically dispersed organization.

Integration efforts could also divert management attention and resources. An inability to realize the full extent of, or any of, the anticipated benefits of the transaction, as well as any delays encountered in the integration process, could have an adverse effect on us.

In addition, the actual integration may result in additional and unforeseen expenses, and the anticipated benefits of the integration plan may not be realized. Actual cost synergies, if achieved at all, may be lower than expected and may take longer to achieve than anticipated. If we are not able to adequately address these challenges, we may be unable to successfully integrate the operations of Russian Alcohol or Whitehall, or to realize the anticipated benefits of the integration.

The developing legal system in Russia creates a number of uncertainties that could have a materially adverse effect on our business.

Russia is still developing the legal framework required to support a market economy, which creates uncertainty relating to our Russian business. We have limited experience operating in Russia, which could increase our vulnerability to the risks relating to these uncertainties. Risks related to the developing legal system in Russia include:

- inconsistencies between and among the Constitution, federal and regional laws, presidential decrees and governmental, ministerial and local orders, decisions, resolutions and other acts;

- conflicting local, regional and federal rules and regulations;
- the lack of judicial and administrative guidance on interpreting legislation;
- the relative inexperience of judges and courts in interpreting legislation;
- the lack of an independent judiciary;
- a high degree of discretion on the part of governmental authorities, which could result in arbitrary or selective actions against us, including suspension or termination of licenses we need to operate in Russia;
- poorly developed bankruptcy procedures that are subject to abuse; and
- incidents or periods of high crime or corruption that could disrupt our ability to conduct our business effectively.

The recent nature of much of Russian legislation, the lack of consensus about the scope, content and pace of economic and political reform and the rapid evolution of this legal system in ways that may not always coincide with market developments place the enforceability and underlying constitutionality of laws in doubt and result in ambiguities, inconsistencies and anomalies. Any of these factors could have a material adverse effect on our Russian business.

An unpredictable tax system in Russia gives rise to significant uncertainties and risks that complicate our tax planning and decisions relating to our Russian business.

The tax system in Russia is unpredictable and gives rise to significant uncertainties, which complicate our tax planning and decisions relating to our Russian businesses. Tax laws in Russia have been in force for a relatively short period of time as compared to tax laws in more developed market economies and we have less experience operating under Russian tax regulations than those of other countries.

Russian companies are subject to a broad range of taxes imposed at the federal, regional and local levels, including but not limited to value added tax, excise duties, profit tax, payroll-related taxes, property taxes, taxes or other liabilities related to transfer pricing and other taxes. Russia's federal and local tax laws and regulations are subject to frequent change, varying interpretations and inconsistent or unclear enforcement. During the peak of our 2010 Christmas production season, we were unable to obtain excise stamps from Russian authorities to be used at our largest production plant in Russia due to an administrative issue, over usage of old stamps, that blocked us from obtaining new excise stamps. Excise stamps are typically purchased every two to three weeks from the Russian authorities and are required to be purchased prior to the production of any vodka. Without these stamps, which must be affixed to each container of an alcoholic beverage exceeding 9% alcohol by volume produced in Russia, this plant was unable produce vodka during the peak of our production season. This loss of production capacity negatively affected our sales and increased our costs as we attempted to increase production at other facilities to offset the lost production. It is possible that we could have similar issues in the future that will adversely impact our sales and costs. In addition, it is not uncommon for differing opinions regarding legal interpretation to exist between companies subject to such taxes and the ministries and organizations of the Russian government and between different branches of the Russian government such as the Federal Tax Service and its various local tax inspectorates, resulting in uncertainties and areas of conflict. Tax declarations are subject to review and investigation by a number of tax authorities, which are enabled by law to impose penalties and interest charges. The fact that a tax declaration has been audited by tax authorities does not bar that declaration, or any other tax declaration applicable to that year, from a further tax review by a superior tax authority during a three-year period. As previous audits do not exclude subsequent claims relating to the audited period, the statute of limitations is not entirely effective. In some instances, even though it may potentially be considered unconstitutional, Russian tax authorities have applied certain taxes retroactively. Within the past few years the Russian tax authorities appear to be taking a more aggressive position in their interpretation of the legislation and assessments, and it is possible that transactions and activities that have not been challenged in the past may be challenged. As a result, significant additional taxes, penalties and interest may be assessed. In addition, our

Russian business is and will be subject to periodic tax inspections that may result in tax assessments and additional amounts owed by us for prior tax periods. Uncertainty relating to Russian transfer pricing rules could lead tax authorities to impose significant additional tax liabilities as a result of transfer pricing adjustments or other similar claims, and could have a material adverse effect on our Russian businesses and our company as a whole.

Risks Relating to Our Indebtedness

Our substantial debt could adversely affect our financial condition or results of operations and prevent us from fulfilling our obligations under our notes.

We are highly leveraged and have significant debt service obligations. As of December 31, 2010 our indebtedness under our notes, other credit facilities and capital leases amounted to approximately $1,298.1 million.

Our substantial debt could have important consequences. For example, it could:

- make it difficult for us to satisfy our obligations with respect to our notes and for the guarantors of our notes to satisfy their obligations with respect to the guarantees;
- require us to dedicate a substantial portion of our cash flows from operations to payments on our debt, which will reduce our cash flow available to fund capital expenditures, working capital and other general corporate purposes;
- place us at a competitive disadvantage compared to our competitors that have less debt than we do;
- limit our flexibility in planning for, or reacting to, changes to our industry;
- increase our vulnerability, and reduce our flexibility to respond, to general and industry specific adverse economic conditions; and
- limit our ability to borrow additional funds, increase the cost of any such borrowing and/or limit our ability to raise equity funding.

We may incur substantial additional debt in the future. The terms of the indentures governing our notes restrict our ability to incur, but will not prohibit us from incurring, additional debt. If we were to incur additional debt, the related risks we now face could become greater.

We require a significant amount of cash to service our indebtedness. Our ability to generate sufficient cash depends on a number of factors, many of which are beyond our control.

Our ability to make payments on or repay our indebtedness will depend on our future operating performance and ability to generate sufficient cash. This depends, to some extent, on general economic, financial, competitive, market, legislative, regulatory and other factors discussed in these “Risk factors,” many of which are beyond our control.

Historically, we met our debt service and other cash requirements with cash flows from operations and our existing revolving credit facilities. As a result of certain acquisitions and related financing transactions, however, our debt service requirements have increased significantly. We cannot assure you that our business will generate sufficient cash flows from operating activities, or that future debt and equity financing will be available to us in an amount sufficient to enable us to pay our debts when due or to fund our other financing needs.

If our future cash flows from operations and other capital resources are insufficient to pay our obligations as they mature or to fund our liquidity needs, we may be forced to:

- reduce or delay our business activities and capital expenditures;
- sell assets;

- obtain additional debt or equity capital; or
- restructure or refinance all or a portion of our debt, including our notes, on or before maturity.

The above factors all contain an inherent execution risk. In addition, the terms of the indentures governing our notes limit our ability to pursue any of these alternatives. If we obtain additional debt financing, the related risks we now face would intensify.

Furthermore, significant changes in market liquidity conditions resulting in a tightening in the credit markets and a reduction in the availability of debt and equity capital could impact our access to funding and our related funding costs, which could materially and adversely affect our ability to obtain and manage liquidity, to obtain additional capital and to restructure or refinance any of our existing debt.

We must rely on payments from our subsidiaries to make cash payments on our notes, and our subsidiaries are subject to various restrictions on making such payments.

We are a holding company and hold most of our assets at, and conduct most of our operations through, direct and indirect subsidiaries. In order to make payments on our notes or to meet our other obligations, we depend upon receiving payments from our subsidiaries. In particular, we may be dependent on dividends and other payments by our direct and indirect subsidiaries to service our obligations. Investors in our notes will not have any direct claim on the cash flow or assets of our non-guarantor operating subsidiaries and our non-guarantor operating subsidiaries have no obligation, contingent or otherwise, to pay amounts due under our notes or the subsidiary guarantees, or to make funds available to us for those payments. In addition, the ability of our subsidiaries to make payments, loans or advances to us may be limited by the laws of the relevant jurisdictions in which such subsidiaries are organized or located. Any of the situations described above could make it more difficult for a subsidiary guarantor to service its obligations and therefore adversely affect our ability to service our obligations in respect of our notes. If payments are not made to us by our subsidiaries, we may not have any other sources of funds available that would permit us to make payments on our notes.

Covenant restrictions under the indentures governing our notes and under our bank credit facility impose significant restrictions on us and may limit our flexibility in operating our business and consequently to make payments on our indebtedness.

The indentures governing our notes and our bank credit facility contain, and other financing arrangements that we may enter into in the future may contain, covenants that may restrict our ability to finance future operations or capital needs or to take advantage of other business opportunities that may be in our interest. These covenants impose restrictions on our ability to, among other things:

- incur additional indebtedness;
- make certain restricted payments;
- transfer or sell assets;
- enter into transactions with affiliates;
- create certain liens;
- create restrictions on the ability of restricted subsidiaries to pay dividends or other payments;
- issue guarantees of indebtedness by restricted subsidiaries;
- enter into sale and leaseback transactions;
- merge, consolidate, amalgamate or combine with other entities;
- designate restricted subsidiaries as unrestricted subsidiaries; and
- engage in any business other than a permitted business.

In addition, our Credit Facility (which had $43.9 million outstanding as of December 31, 2010) requires us to maintain certain financial covenants, which include, but are not limited to, a minimum ratio of EBITDA to fixed charges ("Consolidated Coverage Ratio ") and a maximum ratio of total debt less cash to EBITDA ("Net Leverage Ratio "). We were therefore not in compliance with the Consolidated Coverage Ratio covenant and Net Leverage Ratio covenant as of December 31, 2010. On February 28, 2011 we entered into a letter agreement with Bank Handlowy w Warszawie S.A. and Bank Zachodni WBK S.A. (the "Letter Agreement") pursuant to which and subject to the terms and conditions contained therein, the lenders agreed, among other things, to waive any breach of the Consolidated Coverage Ratio covenant and the Net Leverage Ratio covenant relating to the measurement period ending on December 31, 2010, and the parties agreed to amend these ratios for purposes of the measurement period ending on March 31, 2011. We continue to work with our lenders under the Credit Facility to seek a further amendment to these ratios for future measurement periods, and we and our lenders have agreed to cooperate in good faith to reach agreement on revised terms and conditions of the Credit Facility by June 30, 2011. Although we cannot provide any definitive assurances as to future compliance with these ratios, we currently expect to satisfy these ratios, as amended by the Letter Agreement, for the measurement period ending on March 31, 2011; however, absent a further amendment to the facility, we currently project that we would not satisfy either of the ratios as of the remaining measurement periods in 2011. A failure to comply with the requirements of these covenants, if not waived or cured, could permit acceleration of the related debt and, if the amount of indebtedness accelerated exceeded $30 million, acceleration of our debt under other instruments that include cross-acceleration or cross-default provisions. We may seek alternative financing whether or not we reach a satisfactory agreement with our lenders in respect of the credit facility. If a significant portion of our debt is accelerated, we cannot assure you that we would have sufficient assets to repay such debt or that we would be able to refinance such debt on commercially reasonable terms or at all. The acceleration of a significant portion of debt would have a material adverse effect on our business, financial condition, results of operations and cash flow. For additional information, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—The Company's Future Liquidity and Capital Resources."

Risks Related to Our Common Stock

The price of our common stock historically has been volatile. This volatility may affect the price at which you could sell your common stock.

The sale price for our common stock has varied between a high of $37.73 and a low of $20.44 in the twelve month period ended December 31, 2010. This volatility may affect the price at which you could sell the common stock and the sale of substantial amounts of our common stock could adversely affect the price of our common stock. Our stock price is likely to continue to be volatile and subject to significant price and volume fluctuations in response to market and other factors, including the other factors discussed in "Risks related to our business" and in the documents we have incorporated by reference into this report; variations in our quarterly operating results from our expectations or those of securities analysts or investors; downward revisions in securities analysts' estimates; and announcement by us or our competitors of significant acquisitions, strategic partnerships, joint ventures or capital commitments.

Delaware law and provisions in our charter documents may impede or discourage a takeover, which could cause the market price of our shares to decline.

We are a Delaware corporation, and the anti-takeover provisions of Delaware law impose various impediments to the ability of a third party to acquire control of us, even if a change in control would be beneficial

to our existing stockholders. In addition, our board of directors has the power, without stockholder approval, to designate the terms of one or more series of preferred stock and issue shares of preferred stock. The ability of our board of directors to create and issue a new series of preferred stock and certain provisions of Delaware law and our certificate of incorporation and bylaws could impede a merger, takeover or other business combination involving us or discourage a potential acquirer from making a tender offer for our common stock, which, under certain circumstances, could reduce the market price of our common stock. See "Description of capital stock."

We do not intend to pay cash dividends on our common stock in the foreseeable future.

We have never declared or paid cash dividends on our common stock. We currently intend to retain all available funds and any future earnings for use in the operation of our business and do not anticipate paying any cash dividends in the next few years.

Enforcing legal liability against us and our directors and officers might be difficult.

We are organized under the laws of the State of Delaware of the United States. Therefore, investors are able to effect service of process in the United States upon us and may be able to effect service of process upon our directors and executive officers. We are a holding company, however, and substantially all of our operating assets are located in Poland, Hungary and, in connection with our recently completed acquisitions, Russia. Further, most of our directors and executive officers, and those of most of our subsidiaries, are non-residents of the United States, and our assets and the assets of our directors and executive officers are located outside the United States. As a result, you may not be able to enforce against our assets (or those of certain of our directors or executive officers) judgments of United States courts predicated upon the civil liability provisions of United States laws, including federal securities laws of the United States. In addition, awards of punitive damages in actions brought in the United States or elsewhere may not be enforceable in Poland or Russia.

Item 2. Properties.

Our significant properties can be divided into the following categories:

Production and rectification facilities. Our production facilities in Poland comprise two plants with one located in Białystok, Poland for Polmos Białystok and the other one located in Oborniki Wielkopolskie, Poland for Bols. The Białystok facility is located on 78,665 square meters of land which is leased from the government on a perpetual usufruct basis. The production capacity of our plant in Bialystok is approximately 23.2 million liters of 100% alcohol per year and currently, we use approximately 70-75% of its production capacity. In the Polmos Białystok distillery we produce *Absolwent* and its taste variations*, Batory, Białowieska, Cytrynówka, Czekoladowa, Kompleet Vodka, Liberty Blue, Lider, Ludowa, Nalewka Wisniowa, Nalewka Miodowa* and *Palace Vodka, Winiak Białostocki, Winiak Pałacowy, Wódka Imbirowa, Zubrowka.* The plot on which the Białystok facility is located is unencumbered.

The Bols facility is located on 80,519 square meters of which 58,103 square meters are owned by us and 22,416 square meters are leased from the government on a perpetual usufruct basis. The production capacity of our plant in Oborniki Wielkopolskie is 42.6 million liters of 100% alcohol per year. Currently we use about 60-65% of the plant's production capacity. In the Bols distillery we produce *Bols Excellent, Bols Vodka* and its taste variations*, Soplica, Soplica Szlachetna Polska, Soplica Tradycyjna Polska, Soplica Wisniowa Polska, Soplica Staropolska, Boss, Slaska, Niagara and Royal Vodka.* The plot on which the Bols facility is located in unencumbered.

The Topaz Distillery is part of Russian Alcohol, and became part of the CEDC group in 2008. The distillery is one of the most advanced enterprises in Russia. It is certified to be in compliance with ISO 9001 and HACCP. The factory has ten, modern, hi-tech filling lines, its own rectifying equipment for processing raw spirit, and a unique "stream" processor. The "stream" processor is an automated, hi-tech apparatus for the manufacturing of vodka, without any human intervention in the process. In the course of "stream" processing, vodka passes

through both silver and platinum filters. The Topaz distillery produces, among others, the *Green Mark*, *Zhuravli*, *Yamskaya* and *Kalinov Lug* brands. The plant was founded in 1995 and has a production capacity of over 150 million liters annually.

The Parliament production plant uses an exceptional biological milk purification method. Milk, added at a certain stage of production, absorbs all impurities and harmful substances. The milk is then removed in a multistage filtration process, leaving an absolutely pure vodka of the highest quality.

The First Kupazhniy Factory is part of Russian Alcohol, and became part of the CEDC group in 2008. The company is developing the two fundamental components of its business activities: the manufacture of vodka and the extraction and bottling of natural mineral water from artesian wells. Four bottling lines have been installed at the factory, including a line for the exclusive 0.05 liter, 0.2 liter, and 0.5 liter PET containers. All vodka production at First Kupazhniy Factory takes place using the "stream" system, which completely automates the process. In this facility, we produce the *Marusia* and *Zhuravli* brands. The plant was founded in 1976 and its production capacity reaches 35 million liters annually. The quality control system at First Kupazhniy Factory conforms to the international standard, ISO 9001.

The Bravo Premium distillery was the first in Russia to bottle alcoholic cocktails, beer and non-alcoholic beverages in aluminum cans. The company has been affiliated with Russian Alcohol since 2005 and became part of the CEDC Group in 2008. In recent years Bravo Premium has gone through an intensive modernization of the manufacturing process, has purchased new pouring lines, built new plant facilities and expanded its distribution network. Today, Bravo Premium is a premier facility for the production of alcoholic cocktails, with three pouring lines for cans, plastic bottles and glass containers. The factory produces such cocktails as *Amore, Elite* and *Bravo Classic*. The factory is certified to be in compliance with ISO 9001.

Office, distribution, warehousing and retail facilities. We own four warehousing and distribution sites located in various regions of Poland as well as nine retail facilities located in various regions of Poland. In Russia we own properties in Balashika, Moscow region where the Parliament production site is located, a property in Mitishi Moscow region where the Topaz production site is located, property in Tula, where the PKZ production site is located and property in Novosibirsk where the Siberian production site is located.

Leased Facilities. Our primary corporate office is located in Warsaw, Poland, and we have a rented corporate office in Budapest Hungary. In addition we operate over 5 warehousing and distribution sites and 5 retail facilities located in various regions of Poland. In Russia we lease over 90 office, warehouse and retail locations primarily related to the RAG and Parliament business. The lease terms expire at various dates and are generally renewable.

Research and Development, Intellectual Property, Patents and Trademarks

We do not have a separate research and development unit. Our activity in this field is generally related to improvements in packaging and extensions to our existing brand portfolio or revised production processes, leading to improved taste.

Item 3. Legal Proceedings.

From time to time we are involved in legal proceedings arising in the normal course of our business, including opposition and cancellation proceedings with respect to trademarks similar to some of our other brands, and other proceedings, both in the United States and elsewhere. We are not currently involved in or aware of any pending or threatened proceedings that we reasonably expect, either individually or in the aggregate, will result in a material adverse effect on our consolidated financial condition or results of operations.

Item 4. [Removed and Reserved.]

PART II

Item 5. Market for Registrant's Common Equity and Related Stockholder Matters.

Market Information

The Company's common stock has been traded on the NASDAQ National Market, and its successor, the NASDAQ Global Select Market, under the symbol "CEDC" since June 1999. Prior thereto it traded on the NASDAQ Small Cap Market since our initial public offering in July 1998. On September 22, 2008 the Company's stock was added to the NASDAQ Q-50 Index. The following table sets forth the high and low bid prices for the common stock, as reported on the NASDAQ Global Select Market, for each of the Company's fiscal quarters in 2009 and 2010. These prices represent inter-dealer quotations, which do not include retail mark-ups, mark-downs or commissions and do not necessarily represent actual transactions.

	High	Low
2009		
First Quarter	$24.87	$ 5.97
Second Quarter	33.13	10.47
Third Quarter	34.70	21.92
Fourth Quarter	36.41	26.44
2010		
First Quarter	$37.73	$28.48
Second Quarter	39.95	21.06
Third Quarter	27.87	20.44
Fourth Quarter	28.08	20.93

On February 23, 2011, the last reported sales price of our common stock was $22.17 per share.

Holders

As of February 16, 2011, there were approximately 19,617 beneficial owners and 58 shareholders of record of common stock.

Dividends

CEDC has never declared or paid any dividends on its capital stock. The Company currently intends to retain future earnings for use in the operation and expansion of its business. Future dividends, if any, will be subject to approval by the Company's board of directors and will depend upon, among other things, the results of the Company's operations, capital requirements, surplus, general financial condition and contractual restrictions and such other factors as the board of directors may deem relevant. In addition, the indenture for the Company's outstanding Senior Secured Notes due in 2016 may limit the payment amount of cash dividends on its common stock to amounts calculated in accordance with a formula based upon our net income and other factors.

The Company earns the majority of its cash in non—USD currencies and any potential future dividend payments would be impacted by foreign exchange rates at that time. Additionally the ability to pay dividends may be limited by local equity requirements, therefore retained earnings are not necessarily the same as distributable earnings of the Company.

Equity Compensation Plans

The following table provides information with respect to our equity compensation plans as of December 31, 2010:

Equity Compensation Plan Information

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights (a)	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights (b)	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a)) (c)
Equity Compensation Plans Approved by Security Holders	1,425,551	$ 29.46	918,213
Equity Compensation Plans Not Approved by Security Holders	0	0.00	0
Total	1,425,551	$ 29.46	918,213

Item 6. Selected Financial Data

The following table sets forth selected consolidated financial data for the periods indicated and should be read in conjunction with and is qualified by reference to "Management's Discussion and Analysis of Financial Condition and Results of Operations", the consolidated financial statements, the notes thereto and the other financial data contained in Items 7 and 8 of this report on Form 10-K.

Statement of Operations data:	**2006**	**2007**	**2008**	**2009**	**2010**
Net sales	$ 284,240	$ 398,050	$ 571,242	$ 689,414	$ 711,537
Cost of goods sold	173,471	254,615	321,274	340,482	383,671
Gross profit	110,769	143,435	249,968	348,932	327,866
Sales, general and administrative expenses	51,614	62,897	114,607	164,467	351,458
Operating income / (loss)	59,155	80,538	135,361	184,465	(23,592)
Non-operating income / (expense), net					
Interest expense, net	(30,385)	(33,867)	(47,810)	(73,468)	(104,866)
Other financial income / (expense), net	17,212	13,594	(123,801)	25,193	6,773
Amortization of deferred charges	0	0	0	(38,501)	0
Other income / (expense), net	978	(2,272)	(488)	(934)	(13,572)
Income/(loss) before taxes and equity in net income from unconsolidated investments	**46,960**	**57,993**	**(36,738)**	**96,755**	**(135,257)**
Income tax (expense)/benefit	(8,057)	(9,054)	(1,382)	(18,495)	28,114
Equity in net earnings/(losses) of affiliates	0	0	1,168	(5,583)	14,254
Net income / (loss) from continuing operations	$ 38,902	$ 48,939	($ 36,952)	$ 72,677	($ 92,889)
Discontinued operations					
Income / (loss) from operations of distribution business	31,203	36,087	27,203	9,410	(11,815)
Income tax benefit / (expense)	(5,929)	(6,856)	(5,169)	(1,050)	37
Income / (loss) on discontinued operations	25,275	29,231	22,034	8,360	(11,778)
Net income / (loss)	64,177	78,170	(14,918)	81,037	(104,667)
Less: Net income attributable to noncontrolling interests in subsidiaries	8,727	1,068	3,680	2,708	0
Net income /(loss) attributable to CEDC	$ 55,450	$ 77,102	($ 18,598)	$ 78,329	($ 104,667)
Net income / (loss) per common share, basic	$ 1.55	$ 1.96	($ 0.34)	$ 1.51	($ 1.49)
Net income / (loss) per common share, diluted	$ 1.53	$ 1.93	($ 0.34)	$ 1.50	($ 1.49)
Average number of outstanding shares of common stock at year end	35,799	39,871	44,088	53,772	70,058
Balance Sheet Data:	**2006**	**2007**	**2008**	**2009**	**2010**
Cash and cash equivalents	$ 147,937	$ 70,233	$ 84,639	$ 126,439	$ 122,324
Restricted cash	0	0	0	481,419	0
Working capital	182,268	170,913	169,061	357,078	404,799
Total assets	1,377,988	1,859,346	2,436,138	4,439,100	3,396,182
Long-term debt and capital lease obligations, less current portion	394,342	468,509	804,941	1,331,815	1,251,933
Stockholders' equity	520,599	817,725	993,511	1,685,162	1,564,671

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operation

The following analysis should be read in conjunction with the Consolidated Financial Statements and the notes thereto appearing elsewhere in this report.

Safe Harbor Statement under the Private Securities Litigation Reform Act of 1995 Regarding Forward-Looking Information.

This report (and other oral and written statements we have made or make, including press releases containing information about our business, results of operations, financial condition, guidance and other business developments), contains forward-looking statements, which provide our current expectations or forecasts of future events. These forward-looking statements may be identified by the use of forward-looking terminology, including the terms "believes," "estimates," "anticipates," "expects," "intends," "may," "will" or "should" or, in each case, their negative, or other variations or comparable terminology, but the absence of these words does not necessarily mean that a statement is not forward-looking. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this report and include, without limitation:

- information concerning possible or assumed future results of operations, trends in financial results and business plans, including those relating to earnings growth and revenue growth, liquidity, prospects, strategies and the industry in which the Company and its affiliates operate, as well as the integration of recent acquisitions and other investments and the effect of such acquisitions and other investments on the Company;
- statements about the expected level of our costs and operating expenses, and about the expected composition of the Company's revenues;
- information about the impact of governmental regulations on the Company's businesses;
- statements about local and global credit markets, currency exchange rates and economic conditions;
- other statements about the Company's plans, objectives, expectations and intentions including with respect to its credit facility and other outstanding indebtedness; and
- other statements that are not historical facts.

By their nature, forward-looking statements involve known and unknown risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. We caution you that forward-looking statements are not guarantees of future performance and that our actual results of operations, financial condition and liquidity, the development of the industries in which we operate, and the effects of acquisitions and other investments on us may differ materially from those anticipated in or suggested by the forward-looking statements contained in this report. In addition, even if our results of operations, financial condition and liquidity, and the development of the industry in which we operate, are consistent with the forward-looking statements contained in this report, those results or developments may not be indicative of results or developments in subsequent periods.

We urge you to read and carefully consider the items of this and other reports and documents that we have filed with or furnished to the SEC for a more complete discussion of the factors and risks that could affect our future performance and the industry in which we operate, including the risk factors described in this Annual Report on Form 10-K. In light of these risks, uncertainties and assumptions, the forward-looking events described in this report may not occur as described, or at all.

You should not unduly rely on these forward-looking statements, because they reflect our views only as of the date of this report. The Company undertakes no obligation to publicly update or revise any forward-looking statement to reflect circumstances or events after the date of this report, or to reflect on the occurrence of unanticipated events. All subsequent written and oral forward-looking statements attributable to us or to persons acting on our behalf are expressly qualified in their entirety by the cautionary statements referred to above and contained elsewhere in this report.

The following discussion and analysis should be read in conjunction with the Consolidated Financial Statements and the notes thereto found elsewhere in this report.

Overview

The Company is one of the world's largest vodka producers and Central and Eastern Europe's largest integrated spirit beverages business with its primary operations in Poland, Russia and Hungary. During 2010, we were impacted by numerous external adverse factors that had a material impact on our business. In April 2010, the Polish President as well as other leading figures in the Polish government died in a tragic plane crash resulting in a period of mourning in the country with limitations on alcohol sales. Later during the summer both Poland and Russia were impacted by extreme heat which significantly reduced overall consumption of vodka in both markets as well as driving up the price of our key ingredient, raw spirit which makes up approximately 40%-45% of our cost of a bottle of vodka. In Poland we launched our new vodka, *Zubrowka Biala,* which ended up selling more than three times our original estimate. However, as we were running a limited promotion marketing support program together with the initial sales, providing additional introductory rebates, which we decided to continue even with the higher volumes, these additional volumes had a negative impact on gross margin and operating profit. These introductory market support programs were however discontinued in the beginning of January 2011. Lastly during November 2010, our primary production facility in Russia (Topaz) was not able to produce and sell product for over 14 days during our peak period due to an administrative issue, over usage of old stamps, that blocked us from obtaining new excise stamps. Excise stamps are typically purchased every two to three weeks from the Russian authorities and are required to be purchased prior to the production of any vodka. Additional operating and trade marketing costs as well as customer discounts were incurred to recapture some of the sales lost due to these production delays during our peak period of shipments in Russia. The overall impact of these factors has had a material impact in our overall financial performance and thus our underlying profitability.

Significant factors affecting our consolidated results of operations

Effect of Acquisitions of Production Subsidiaries

During 2008 and 2009, the Company executed its strategy of acquisitions outside of Poland and Hungary with its investments into the production and importation of alcoholic beverages in Russia, through a number of acquisitions and investments, as described below. The acquisitions included the complete purchase of the Russian Alcohol Group, which was completed in May 2009 and Parliament, as well as a majority economic and minority voting stake in the Whitehall Group (which is classified as an equity investment). In February of 2011, the Company completed the final step of purchasing the remaining stake of the Whitehall Group. All of which have had an impact on our consolidated results of operations beginning in the periods in which we first acquired an interest in the relevant entities.

Changes in Accounting Treatment

In June 2009, the FASB issued new guidance on variable interest entities. ASU 2009-17, Consolidations (Topic 810): 'Improvements to Financial Reporting by Enterprises Involved with Variable Interest Entities', amends current guidance requiring an enterprise to perform an analysis to determine whether the enterprise's variable interest or interests give it a controlling financial interest in a variable interest entity. ASU 2009-17 is effective for the Company from January 1, 2010. As a result of adoption ASC Topic 810, the Company changed from consolidation to the equity method of accounting for its 49% voting interest in Whitehall Group effective as of May 23, 2008. This change was applied retrospectively to all the periods presented in the financial statements. Adoption of the requirements of ASC Topic 810 resulted as of December 31, 2009 in a net decrease in assets of $108 million, liabilities of $85 million and non-controlling interest of $23 million. The following management discussion and analysis is prepared on the basis of the adjusted balances for 2009 and therefore does not include the results of operations for the Whitehall Group.

On August 2, 2010 the Company has closed the sale of 100% of its distribution business in Poland to Eurocash SA for a purchase price of 378.5 million Polish zlotys in cash, on a debt free, cash free basis, after all price adjustments. Resulting from disposal the Company realized in the three month period ended September 30, 2010 a gain on the sale amounting to $35.2 million being the difference between the value of the net assets of the disposed business increased by costs associated directly to disposal and cash received by the Company. Based upon the application of ASC 205-20, the Company has presented these companies as a held for sale asset and discontinued operations. As a result, the sales and costs of the Polish distribution business are no longer reflected in the results of operations above net income from continuing operations in 2010 and prior periods. For comparability purposes this has been applied retroactively to 2009 and is reflected in the below management discussion and analysis.

The Whitehall Acquisition

As disclosed in prior filings, on May 23, 2008, the Company and certain of its affiliates entered into, and closed upon, a Share Sale and Purchase Agreement and certain other agreements whereby the Company acquired shares representing 50% minus one vote of the voting power, and 80% of the economic interests in Whitehall.

On February 7, 2011, we entered into a definitive Share Sale and Purchase Agreement and registration rights, in accordance with the terms which were agreed by the parties on November 29, 2010, and disclosed on the Company's Current Report on Form 8-K, filed with the Securities and Exchange Commission on November 29, 2010. Pursuant to this agreement, among other things and upon the terms and subject to the conditions contained therein, we received the remainder of the economic and voting interests in the Whitehall Group not owned by us as well as the global Intellectual Property rights for the Kaufman Vodka brand. In exchange we paid an aggregate of $68.5 million in cash and issued 959,245 shares of the Company's common stock, par value $0.01 per share. The issued shares had an aggregate value of $23.0 million based on the 30 day volume weighted average price of a share of our common stock on the day prior to the closing. In addition, if the aggregate value of such shares (based on the lower of the trading price of a share of our common stock or the 10 day volume weighted average price) is less than $23.0 million on the day prior to filing a registration statement for resale of the shares or the day shares are sold under Rule 144 of the Securities Act, the recipient of such shares is entitled to a payment in cash equal to such difference in value. Such amount is not yet determinable. This transaction was closed on February 7, 2011, thus there is no impact on the 2010 results however beginning in 2011, the Company will begin to fully consolidate the results of the Whitehall group which is currently treated as an equity investment.

The Russian Alcohol Acquisition

On January 20, 2010, after the receipt of antimonopoly clearances for the acquisition from the FAS and the Antimonopoly Committee of the Ukraine, the Company purchased the sole voting share of Cayman 6 from an affiliate of Lion Capital and thereby acquired control of Russian Alcohol. The Company began consolidating all profit and loss results for Russian Alcohol beginning April 1, 2009. Therefore 2010 is the first year that contains a full year of consolidated results with the Russian Alcohol Group.

Starting in 2009 and continuing this year, we have been active in integrating the production companies into CEDC Group. The acquisition and integration of these businesses into our operations have had a significant effect on our results of operations. As discussed further in this document, these transactions have impacted our net sales, cost of goods sold, operating profit and equity earnings from affiliates.

Effect of Debt Refinancing

In December 2009, the Company issued new euro and U.S. dollar Senior Secured Notes due in 2016 with net proceeds of approximately $930 million. Of these proceeds approximately $380.4 million was used to redeem our previously outstanding Senior Secured Notes due in 2012. Notice of redemption was given in December, 2009 and the proceeds were funded to the trustee, however the actual repayment of the notes did not take place

until January, 2010. Therefore, as at December 31, 2009, the full amounts of the Senior Secured Notes due 2012 remained as a short term liability and the cash funded to the trustee was on the balance sheet as restricted cash. Additionally as a result of this the Company recognized interest expense in December, 2009 for both the new and old note issuances.

In the process of refinancing the debt of Russian Alcohol through the proceeds of the 2016 Notes, the Company recognized in 2009 a one-time charge of approximately $13.9 million related to the write-off of capitalized financing cost and net charge of $3 million related to the closure of hedges associated with the prior financing. These charges are reflected in Other Financial Expenses.

On December 9, 2010 the Company issued and sold additional €50 million 8.875% Senior Secured Notes due 2016 (the "2016 Notes") in an offering to institutional investors that was not required to be registered with the SEC. The Company used the net proceeds from the additional 2016 Notes to repay its term loans and overdraft facilities with Bank Handlowy w Warszawie S.A and Bank Zachodni WBK S.A.

As these notes were funded in U.S. dollars and euros and lent to Polish zloty and Russian ruble reporting entities, the Company is exposed to exchange rate movements as described in the following section.

Effect of Exchange Rate and Interest Rate Fluctuations

Substantially all of Company's operating cash flows and assets are denominated in Polish zloty, Russian ruble and Hungarian forint. This means that the Company is exposed to translation movements both on its balance sheet and statement of operations. The impact on working capital items is demonstrated on the cash flow statement as the movement in exchange on cash and cash equivalents. The impact on the statement of operations is by the movement of the average exchange rate used to restate the statements of operations from Polish zloty, Russian ruble and Hungarian forint to U.S. dollars. The amounts shown as exchange rate gains or losses on the face of the statements of operations relate only to realized gains or losses on transactions that are not denominated in Polish zloty, Russian ruble or Hungarian forint.

Because the Company's reporting currency is the U.S. dollar, the translation effects of fluctuations in the exchange rate of our functional currencies have impacted the Company's financial condition and results of operations and have affected the comparability of our results between financial periods.

The Company also has borrowings including its Convertible Notes due 2013 and Senior Secured Notes 2016 that are denominated in U.S. dollars and euros, which have been lent to its operations where the functional currency is the Polish zloty and Russian ruble. The effect of having debt denominated in currencies other than the Company's functional currencies is to increase or decrease the value of the Company's liabilities on that debt in terms of the Company's functional currencies when those functional currencies depreciate or appreciate in value, respectively. As a result of this, the Company is exposed to gains and losses on the re-measurement of these liabilities. The table below summarizes the pre-tax impact of a one percent movement in each of the exchange rate which could result in a significant impact in the results of the Company's operations.

Exchange Rate	Value of notional amount	Pre-tax impact of a 1% movement in exchange rate
USD-Polish zloty	$426 million	$4.3 million gain/loss
USD-Russian ruble	$264 million	$2.6 million gain/loss
EUR-Polish zloty	€430 million or approximately $575 million	$5.8 million gain/loss

Year ended December 31, 2010 compared to year ended December 31, 2009

A summary of the Company's operating performance (expressed in thousands except per share amounts) is presented below.

	Year ended December 31, 2010	2009
Sales	**$ 1,573,702**	**$1,532,352**
Excise taxes	(862,165)	(842,938)
Net sales	**711,537**	**689,414**
Cost of goods sold	383,671	340,482
Gross profit	**327,866**	**348,932**
Operating expenses	219,609	144,158
Impairment charges	131,849	20,309
Operating income / (loss)	**(23,592)**	**184,465**
Non operating income / (expense), net		
Interest expense, net	(104,866)	(73,468)
Other financial income / (expense), net	6,773	25,193
Amortization of deferred charges	0	(38,501)
Other non operating expenses, net	(13,572)	(934)
Income/(loss) before taxes, equity in net income from unconsolidated investments	**(135,257)**	**96,755**
Income tax benefit/(expense)	28,114	(18,495)
Equity in net earnings/(losses) of affiliates	14,254	(5,583)
Income / (loss) from continuing operations	**(92,889)**	**72,677**
Discontinued operations		
Income / (loss) from operations of distribution business	(11,815)	9,410
Income tax benefit / (expense)	37	(1,050)
Income / (loss) on discontinued operations	**(11,778)**	**8,360**
Net income / (loss)	**(104,667)**	**81,037**
Less: Net income attributable to noncontrolling interests in subsidiaries	0	2,708
Net income /(loss) attributable to CEDC	**($ 104,667)**	**$ 78,329**
Income / (loss) from continuing operations per share of common stock, basic	($ 1.32)	$ 1.35
Income / (loss) from discontinued operations per share of common stock, basic	($ 0.17)	$ 0.16
Income / (loss) from operations per share of common stock, basic	($ 1.49)	$ 1.51
Income / (loss) from continuing operations per share of common stock, diluted	($ 1.32)	$ 1.35
Income / (loss) from discontinued operations per share of common stock, diluted	($ 0.17)	$ 0.15
Income / (loss) from operations per share of common stock, diluted	($ 1.49)	$ 1.50

Net Sales

Total net sales increased by approximately 3.2%, or $22.1 million, from $689.4 million for the twelve months ended December 31, 2009 to $711.5 million for the twelve months ended December 31, 2010. The increase was driven primarily by the consolidation of Russian Alcohol during the full period in 2010, as it was

not consolidated in the first quarter of 2009, resulting in an increase of $80 million. This increase was offset by reduction of sales in each of our markets further discussed below. Our business split by segment, which represents our primary geographic locations of operations, Poland, Russia and Hungary, is shown below:

	Segment Net Sales Twelve months ended December 31,	
	2010	2009
Segment		
Poland	$ 220,411	$ 258,727
Russia	460,605	394,102
Hungary	30,521	36,585
Total Net Sales	$ 711,537	$ 689,414

Sales for Poland decreased by $38.3 million from $258.7 million for the twelve months ended December 31, 2009 to $220.4 million for the twelve months ended December 31, 2010. This decrease was driven mainly by an overall reduction of the vodka market impacted by the mourning associated with the presidential death in April 2010, the extreme heat during the summer months as well as an overall soft alcohol beverage sector. On top of an estimated 5% drop in the overall vodka market in Poland, the Company lost approximately 3% of market share. In November 2010, the Company launched a new product, *Zubrowka Biala (White Zubrowka)* which has been very positively received by the market, resulting in a December 2010 market share of 2.3% in volumes and 2.1% in value terms of total vodka market following its initial launch. However since this product was only launched at the back end of the year, the impact of this launch was not enough to make up for the lower volumes incurred earlier in the year. Additionally the product was initially launched together with significant marketing spend in the form of rebates which reduced the impact the incremental sales had on net sales revenue and negatively impacted gross margin. These introductory market support programs which we began in November 2010 were however discontinued at the end of December, 2010. We also took the decision to invest more behind our other core vodka brands during the last half of the fourth quarter to start to reverse a two year slide of market share. These investments had an impact on the profitability in 2010, however we were encouraged by the initial market share results which saw our market share grow from 20.2% in November 2010 to 25.2% in January 2011. Further increasing the drop in sales value was the impact of channel mix in the market. The Polish market also saw a large increase of sales going through the key account and discounter channels and drop in sales through traditional accounts and small shops. The rebates given to key accounts and discounters are higher than those received by other channels thus further reducing our sales value as well as impacting gross margin.

Although the bulk of our business in Poland is the sales of our domestic vodkas, our export sales and sales of import brands increased by 20% and 9% respectively in volume terms for the year. Exports represent approximately 4% of our sales volume and exclusive import brands represent approximately 19% of our total sales value for the Polish operations.

These decreases in local currency sales value were partially offset by stronger Polish zloty against the U.S. dollar in the first half of the year which resulted in an overall year on year increase of approximately $4.8 million of sales in U.S. dollar terms.

Sales for Russia increased by $66.5 million from $394.1 million for the twelve months ended December 31, 2009 to $460.6 million for the twelve months ended December 31, 2010. This increase was driven by a combination of the strengthening of the Russian ruble against the U.S. dollar for the first three quarters of 2010 which accounted for approximately $5.2 million of the increase and the consolidation of Russian Alcohol which was completed in April 2009, which accounted for approximately $80.0 million of the increase. The increase was partially offset due to decreases in our sales in Russia which we believe resulted from the heat wave in the summer as well as delays in obtaining excise stamps in November as described earlier. Our underlying liter volume sales in Russia were generally flat for 2010 as compared to 2009 in the overall vodka market that we estimated declined by 4%–5% we were one of the few vodka companies in Russia to grow market share during the year. Although we were able to gain market share, our sales value declined by approximately 3% due to the impact of product sales mix as well as higher trade marketing spend. With regards to mix, as we had higher sales

growth of our lower priced brands such as *Yamskaya, Urozhay* and *Gerbowaya* as compared to our more premium and mainstream products. These lower priced economy products contribute less to both net sales revenue and gross margins than the higher priced mainstream and premium products. Higher trade marketing, which was recorded as a reduction of net sales revenue, was incurred to incentive customers in December 2010 following our production delays due to a lack of excise stamps as described above. For our Russian business, export sales increased by 68% in volume terms in 2010 as compared to the prior year to 1.4 million cases, driven primarily to sales to the Ukraine which grew by 265% to 0.75 million cases in 2010. Exports represent 7.7% of our sales volume of Russia.

The Hungarian sales decline was driven mainly by the soft consumer environment and an excise tax increase on January 1, 2010, which accounted for approximately $4.8 million of the total decrease of $6.1 million, as well as weakening of the Hungarian forint versus U.S. dollar in 2010 which resulted in $1.3 million of sales decrease in U.S. dollar terms.

Gross Profit

Total gross profit decreased by approximately 6.0%, or $21.0 million, to $327.9 million for the twelve months ended December 31, 2010, from $348.9 million for the twelve months ended December 31, 2009.

Gross profit margins as a percentage of net sales declined by 4.5 percentage points from 50.6% to 46.1% for the twelve months ended December 31, 2010 as compared to the twelve months ended December 31, 2009. This decline was primarily driven by the factors noted above, impacting our sales value, namely channel mix higher market investments and the *Zubrowka Biala* product launch in Poland, product mix and excise stamp delays in Russia as well as higher spirit pricing in both segments. The increase in spirit cost in August 2010 and towards the end of 2010 resulted in an increase in cost of goods sold by approximately $9.5 million.

Operating Expenses

Total operating expenses increased by approximately 113.7%, or $187.0 million, from $164.5 million for the twelve months ended December 31, 2009 to $351.5 million for the twelve months ended December 31, 2010. The factors contributing to this increase were the full year consolidation of the Russian Alcohol Group of $32 million of additional operating expenses, a prior year one off benefit from the fair value adjustment of $48 million (described further below), impairment charges in Poland and one-time costs associated with the integration of the Russian Alcohol Group and Parliament in Russia of 11.0 million. These cost increases were offset by the underlying cost savings of the integration of $18.4 million and the impact of foreign exchange rates of approximately $2 million.

For comparability of costs between periods operating expenses after excluding the fair value adjustments incurred in 2009 as well as impairment charges taken in 2009 and 2010 are shown separately in the table below. As a percent of net sales they slightly increased from 28.0% for the year ended December 31, 2009 to 30.8% for the year ended December 31, 2010. Operating expenses net of fair value adjustments and impairment charges increased by $26.8 million, from $192.8 million for the year ended December 31, 2009 to $219.6 million for the year ended December 31, 2010. The increase was mainly due to full year consolidation of the Russian Alcohol Group in 2010 in comparison to 9 months period of consolidation in 2009 resulting in lower costs in 2009 by $32 million. This was partially offset by cost reduction programs implemented in Poland and Russia as well as lower sales as compared to the same quarter in the prior year. The table below sets forth the items of operating expenses.

	Year Ended December 31,	
	2010	2009 *
	($ in thousands)	
S,G&A	$178,756	$149,322
Marketing	32,851	36,863
Depreciation and amortization	8,002	6,578
Sub-Total	219,609	192,763
Impairment charges in Poland	131,849	20,309
Fair value adjustments	0	(48,605)
Total operating expense	$351,458	$164,467

* The year 2009 does not consolidate a full year of costs for the Russian Alcohol Group as the Company began to consolidate this from the 2nd quarter of 2009 only. Total operating expenses excluding impairment charges were $219.6 million for the twelve months ended December 31, 2010, as compared to an equivalent value of $224.7 million for the twelve months ended December 31, 2009 including $32 million costs from Russian Alcohol for the first quarter of 2010.

The Company recognized impairment charges of $131.8 million for the twelve months ended December 31, 2010 related predominately to the Absolwent brand in Poland, and an impairment charge $20.3 million for the twelve months ended December 31, 2009 related to the Bols brand in Poland.

S,G&A increased by approximately 19.8%, or $29.5 million, from $149.3 million for the twelve months ended December 31, 2009 to $178.8 million for the twelve months ended December 31, 2010. The change in total SG&A was primarily caused by the factors mentioned above, offset by cost savings initiatives.

Operating Income

Total operating income decreased by approximately 112.8%, or $208.1 million, from income of $184.5 million for the twelve months ended December 31, 2009 to loss of $23.6 million for the twelve months ended December 31, 2010. However, excluding the impact of impairment charges in 2010 and 2009 as well as the fair value adjustments incurred in 2009, the underlying operating profit went from $164.5 million to $116.7 million. Fair value adjustments recorded in 2009 include a one-time gain on the re-measurement of previously held equity interests in Russian Alcohol at the time of consolidation of $225.6 million, offset by $162.0 million of one off charges related to non amortized discount of deferred consideration resulting from accelerated buyout of Lion's interest in Russian Alcohol and a contingent consideration true-up of 15.0 million.

Excluding the impact of the gain, the impairment and true-up of contingent consideration described above, as a percent of net sales, operating profit margin decreased from 23.9% to 16.4%. The table below summarizes the segmental split of operating profit.

	Year ended December 31,	
	2010	2009
Segment		
Poland	$ 33,550	$ 67,675
Russia	77,732	90,696
Hungary	5,442	6,149
Sub-Total	116,724	164,520
Impairment charges	(131,849)	(20,309)
Fair value adjustments	0	48,605
Corporate overhead		
General corporate overhead	(5,261)	(4,570)
Option expense	(3,206)	(3,781)
Total operating income/(loss)	$ (23,592)	$184,465

Underlying operating income in Poland decreased by approximately 51.1%, or $34.1 million, from $67.7 million for the twelve months ended December 31, 2009 to $33.6 million for the twelve months ended December 31, 2010. The operating income in Russia decreased by $13.0 million from $90.7 million for the twelve months ended December 31, 2009 to $77.7 million for the twelve months ended December 31, 2010. The changes in operating income in both of these segments were driven by all of the factors described above.

In Hungary operating income margins remained constant with sales.

Non Operating Income and Expenses

Total interest expense increased by approximately 42.7%, or $31.4 million, from $73.5 million for the twelve months ended December 31, 2009 to $104.9 million for the twelve months ended December 31, 2010. This increase is mainly a result of the additional interest from the Senior Secured Notes due 2016. The incremental borrowings were used primarily to finance the remaining buy out of Russian Alcohol which was completed in January 2010.

The Company recognized $6.8 million of foreign exchange rate gains in the twelve months ended December 31, 2010, primarily related to the impact of movements in exchange rates on our U.S. dollar and euro denominated liabilities, as compared to $25.2 million in the twelve months ended December 31, 2009. This decrease resulted from the appreciation of the Polish zloty and Russian ruble against the U.S. dollar and Euro.

Total other non operating expenses increased by $12.7 million, from $0.9 million for the twelve months ended December 31, 2009 to $13.6 million for the twelve months ended December 31, 2010. This increase is mainly a result of the one-time charge of $14.1 million related to the early call premium when the Senior Secured Notes due 2012 were repaid early in January 2010. Further increase was due to the write-off of the unamortized offering costs related to the Senior Secured Notes due 2012 as well as the professional services expense incurred in connection with the sale of the distribution business in Poland which was offset with the dividend received. The table below summarizes the split of other non operating expenses.

	Year ended December 31,	
	2010	2009
Early redemption call premium	($14,115)	$ 0
Write-off of unamortized offering costs	(4,076)	0
Dividend received	7,642	0
Professional service expenses related to the sale of the distribution	(2,000)	0
Other gains / (losses)	(1,023)	(934)
Total other non operating income / (expense), net	($13,572)	($ 934)

Income Tax

Our effective tax rate for the twelve months ended December 31, 2010 was 20.8%, which is driven by the statutory tax rates of 19% in Poland and 20% in Russia.

Equity in Net Earnings

Equity in net earnings for the twelve months ended December 31, 2010 include Company's proportional share of net income from its investments in the Whitehall Group. Total results of equity investments attributable to CEDC increased from loss of $5.6 million for the twelve months ended December 31, 2009 to income of $14.3 million for the twelve months ended December 31, 2010. This increase is mainly a result of the foreign exchange losses that Russian Alcohol incurred during the first quarter of 2009 as Russian Alcohol was still consolidated under equity method for this period.

Year ended December 31, 2009 compared to year ended December 31, 2008

A summary of the Company's operating performance (expressed in thousands except per share amounts) is presented below.

	Year ended December 31,	
	2009	2008
Sales	**$1,532,352**	**$ 1,289,963**
Excise taxes	(842,938)	(718,721)
Net sales	**689,414**	**571,242**
Cost of goods sold	340,482	321,274
Gross profit	**348,932**	**249,968**
Operating expenses	144,158	114,607
Impairment charges	20,309	0
Operating income / (loss)	**184,465**	**135,361**
Non operating income / (expense), net		
Interest expense, net	(73,468)	(47,810)
Other financial income / (expense), net	25,193	(123,801)
Amortization of deferred charges	(38,501)	0
Other non operating expenses, net	(934)	(488)
Income/(loss) before taxes, equity in net income from unconsolidated investments	**96,755**	**(36,738)**
Income tax benefit/(expense)	(18,495)	(1,382)
Equity in net earnings/(losses) of affiliates	(5,583)	1,168
Income / (loss) from continuing operations	**72,677**	**(36,952)**
Discontinued operations		
Income / (loss) from operations of distribution business	9,410	27,203
Income tax benefit / (expense)	(1,050)	(5,169)
Income / (loss) on discontinued operations	**8,360**	**22,034**
Net income / (loss)	**81,037**	**(14,918)**
Less: Net income attributable to noncontrolling interests in subsidiaries	2,708	3,680
Net income /(loss) attributable to CEDC	**$ 78,329**	**($ 18,598)**
Income / (loss) from continuing operations per share of common stock, basic	$ 1.35	($ 0.84)
Income / (loss) from discontinued operations per share of common stock, basic	$ 0.16	$ 0.50
Net income / (loss) from operations per share of common stock, basic	$ 1.51	($ 0.34)
Income / (loss) from continuing operations per share of common stock, diluted	$ 1.35	($ 0.84)
Income / (loss) from discontinued operations per share of common stock, diluted	$ 0.15	$ 0.49
Net income / (loss) from operations per share of common stock, diluted	$ 1.50	($ 0.34)

Net Sales

Net sales represent total sales net of all customer rebates, excise tax on production and imports, and value added tax. Total net sales increased by approximately 20.7%, or $118.2 million, from $571.2 million for the twelve months ended December 31, 2008 to $689.4 million for the twelve months ended December 31, 2009. Our business split by segment, which represents our primary geographic locations of operations, Poland, Russia and Hungary, is shown below:

	Segment Net Revenues Twelve months ended December 31,	
	2009	2008
Segment		
Poland	$258,727	$397,961
Russia	394,102	129,799
Hungary	36,585	43,482
Total Net Sales	$689,414	$571,242

Sales for Poland decreased by $139.3 million from $398.0 million for the year ended December 31, 2008 to $258.7 million for the year ended December 31, 2009. This decrease was driven mainly by a decline in year on year sales of $19.4 million due to market slowdown impacted by global economic crisis. Further decrease was due to a reduction from lower excise revenue from direct sales to key accounts, impact of foreign exchange rates and organic sales changes. The reduction from lower excise revenue of $29.3 million reflects sales to key account customers that had historically been made from the sold distribution business but are now made direct from our vodka plants. Historically sales that went through the distribution business were recorded gross with excise tax as compared to net when they are made directly from a production unit. As such this decline reflects the reduction netting off of excise taxes. Sales results for Poland were further impacted by a weakening of the Polish zloty against the U.S. dollar during the year which accounted for approximately $90.6 million of the decrease in sales in U.S. dollar terms.

Sales for Russia increased by $264.3 million from $129.8 million for the year ended December 31, 2008 to $394.1 million for the year ended December 31, 2009. The increase was mainly due to consolidation of the Russian Alcohol Group from the 2nd quarter of 2009 having impact of $307.2 million, which was offset by organic sales decline of approximately 4% mainly due to lower sales of our Parliament premium vodka impacted by a global economic crisis. The overall sales increase in Russia was also offset by a weakening of the Russian ruble against the U.S. dollar which accounted for approximately $25.7 million of sales in U.S. dollar terms.

The Hungarian sales decline of $6.9 million was driven mainly by the soft consumer environment impacted by global economic crisis.

Gross Profit

Total gross profit increased by approximately 39.6%, or $98.9 million, to $348.9 million for the twelve months ended December 31, 2009, from $250.0 million for the twelve months ended December 31, 2008, reflecting the increase in gross profit margins percentage in the twelve months ended December 31, 2009. Gross margin increased from 43.8% of net sales for the twelve months ended December 31, 2008 to 50.6% of net sales for the twelve months ended December 31, 2009. The primary factor resulting in the improved margin was the full year inclusion of Parliament, the newly acquired business in Russia, as well as the first time consolidation of the results of Russian Alcohol, as the Russian businesses operate on a higher gross profit margin than the Polish business.

Operating Expenses

Operating expenses consist of selling, general and administrative, or “S,G&A” expenses, advertising expenses, non-production depreciation and amortization, and provision for bad debts. Operating expenses as a

percent of net sales increased from 20.1% for the twelve months ended December 31, 2008 to 23.9% for the twelve months ended December 31, 2009. Total operating expenses increased by approximately 43.5%, or $49.9 million, from $114.6 million for the twelve months ended December 31, 2008 to $164.5 million for the twelve months ended December 31, 2009. Approximately $114.6 million of this increase resulted from the effects of the acquisition of Russian Alcohol in July 2008. Approximately $38.7 million resulted from the lower operating costs in our existing business, which include certain one off transaction related gains and losses described below. The depreciation of the functional currencies against the U.S. dollar resulted in a $26.1 million reduction in our operating expenses for the twelve months ended December 31, 2009 as compared to the same period in the prior year.

The table below sets forth the items of operating expenses.

	Twelve Months Ended December 31,	
	2009	2008
	($ in thousands)	
S,G&A	$121,026	$ 72,870
Marketing	36,863	36,280
Depreciation and amortization	6,578	5,457
Total operating expense	$164,467	$114,607

S,G&A increased by approximately 66.0%, or $48.1 million, from $72.9 million for the twelve months ended December 31, 2008 to $121.0 million for the twelve months ended December 31, 2009. Consolidation of the results of Russian Alcohol resulted in approximately $100.0 million increase which was offset by the depreciation of the Polish zloty against the U.S. dollar.

Included in S,G&A are certain one off gains and losses including, a one-time gain in the twelve month period ended December 31, 2009, amounting to $225.6 million in operating income based on the re-measurement of previously held equity interests in Russian Alcohol to fair value, which was partially offset by certain one off charges including $162.0 million charge related to the non amortized discount of deferred consideration resulting from the accelerated buyout of Lion Capital's interest in Russian Alcohol, $15.0 million post closing cash settlement made to the original sellers for the Russia Alcohol Group, impairment charge of $20.3 million related to the Company's trademarks , as well as legal and advisory fees related to acquisitions.

Depreciation and amortization increased by approximately 20.5%, or $ 1.1 million, from $5.5 million for the twelve months ended December 31, 2008 to $6.6 million for the twelve months ended December 31, 2009.

Operating Income

Total operating income increased by approximately 36.3%, or $49.1 million, from $135.4 million for the twelve months ended December 31, 2008 to $184.5 million for the twelve months ended December 31, 2009. This increase resulted primarily from the consolidation of the results of Russian Alcohol, from which the Company recognized a one-time gain in the twelve month period ended December 31, 2009, amounting to $225.6 million in operating income based on the re-measurement of previously held equity interests in Russian Alcohol to fair value, which was partially offset by $162.0 million of one off charges related to non amortized discount of deferred consideration resulting from accelerated buyout of Lion's interest in Russian Alcohol, a $15 million post closing cash settlement made to the original sellers for Russian Alcohol and an impairment charge of $20.3 million related to the Company's trademarks.

	Operating Profit Twelve months ended December 31,	
	2009	2008
Segment		
Poland	$ 95,971	$ 95,178
Russia	90,696	39,745
Hungary	6,149	7,641
Corporate Overhead		
General corporate overhead	(4,570)	(3,353)
Option Expense	(3,781)	(3,850)
Total Operating Profit	$184,465	$135,361

Operating profit in Poland as a percent of net sales was 37.0% for the twelve months ended December 31, 2009 as comparing to 23.9% in the same period in 2008. However this includes certain one off gains and losses as described above related to the acquisition of Russian Alcohol. These items impacted the Polish Segment as a Polish subsidiary was the parent company for the Russian Alcohol acquisition. Excluding the impact of these items, the operating profit in Poland as a percent of net sales was 26.2% for the twelve months ended December 31, 2009, as compared to 23.9% in 2008.

The operating profit margin as a percent of net sales in Russia declined from 30.6% for the twelve months ended December 31, 2008 to 23.0% for the twelve months ended December 31, 2009, reflecting the impact of the consolidation of Russian Alcohol. Russian Alcohol operates primarily in the mainstream segment as compared to Parliament which is a sub-premium vodka producer and Russian Alcohol also has sales of ready to drink alcoholic beverages (long drinks) which operate on a lower margin than vodka's.

In Hungary there was a decline in operating profit as a percent of net sales from 17.5% for the twelve months ended December 31, 2008 to 16.7% for the twelve months ended December 31, 2009. This decline was due primarily to higher local currency import costs in the first quarter of 2009 as the Hungarian business sales constitute only imported spirits, which have prices denominated primarily in euro.

Non Operating Income and Expenses

Total interest expense increased by approximately 53.7%, or $25.7 million, from $47.8 million for the twelve months ended December 31, 2008 to $73.5 million for the twelve months ended December 31, 2009. This increase resulted from the consolidation of the financial results of Russian Alcohol commencing in the second quarter of 2009 and additional borrowings to finance the investment in Russian Alcohol in July 2008.

The Company recognized $25.2 million of other financial income in the twelve months ended December 31, 2009, as compared to $123.8 million of losses for the twelve months ended December 31, 2008. This change is primarily related to the impact of movements in exchange rates on our USD and EUR denominated acquisition

financing, as well as from the bank charges related to early repayment of debt by Russian Alcohol that was subsequently refinanced from Senior Secured Notes due 2016 proceedings as costs of closing of hedges associated to this bank debt. The total impact of these transactions amounted to $16.9 million.

The present value of the deferred consideration related to acquisition in Russian Alcohol was amortized over the period of time up to December 8, 2009 when the Company accelerated the terms set up on the Option Agreement dated April 24, 2009 and purchased the remaining equity interest in Russian Alcohol that was not owned by the Company. Up to this date the Company was recognizing a non cash interest expense every quarter in the statement of operations. The discounted amortization charge for the twelve month period ended December 31, 2009 amounted to $38.5 million.

Other non operating items for the twelve months ended December 31, 2009 show net losses of $0.9 million in comparison to losses of $0.5 million in the twelve months ended December 31, 2008.

Income Tax

Our effective tax rate for the twelve months ending December 31, 2009 was 19.1%, which is mainly driven by the blended statutory tax rates rate of 19% in Poland and 20% in Russia.

Non-controlling Interests and Equity in Net Earnings

Minority interest for the twelve months ended December 31, 2009 represents non-controlling interests held by third parties, consisting primarily of a 15% interest in Parliament prior to September 25, 2009 (when we acquired that minority stake) and approximately $2.5 million of minority interest related to certain minority shareholders of Russian Alcohol, whose full stake was purchased by the Company in December, 2009.

Equity in net earnings for the twelve months ended December 31, 2009 include CEDC's proportional share of net loss from its investments accounted for under the equity method. This includes $17.7 million of losses from the investment in Russian Alcohol for the first quarter 2009, primarily due to the devaluation of Russian ruble against U.S. dollar, while this investment was accounted for using the equity method, which was partially offset by $12.1 million of gain from the investment in the Whitehall Group for the twelve months ended December 31, 2009.

Statement of Liquidity and Capital Resources

During the periods under review, the Company's primary sources of liquidity were cash flows generated from operations, credit facilities, equity offerings, the Convertible Senior Notes offering, the 2009 Senior Secured Notes offering and proceeds from exercised options. The Company's primary uses of cash were to fund its working capital requirements, service indebtedness, finance capital expenditures and fund acquisitions. The following table sets forth selected information concerning the Company's consolidated cash flow during the periods indicated.

	Twelve months ended December 31, 2010	Twelve months ended December 31, 2009 ($ in thousands)	Twelve months ended December 31, 2008
Cash flow from /(used) in operating activities	($ 29,386)	$ 89,752	$ 97,670
Cash flow from /(used) in investing activities	457,421	(1,067,129)	(669,626)
Cash flow from /(used) in financing activities	(417,863)	997,964	620,926

Management views and performs analysis of financial and non financial performance indicators of the business by segments that are split by countries. The extensive analysis of such indicators as sales value in local currencies, gross margin and operating expenses by segment is included in the MD&A section of the Form 10-K.

Fiscal year 2010 cash flow

Net cash flow from operating activities

Net cash flow from operating activities represents net cash from operations and interest. Overall cash flow from operating activities declined from cash generation of $89.8 million for the twelve months ended December 31, 2009 to cash utilization of $29.4 million for the twelve months ended December 31, 2010. The primary factors contributing to this lower cash generation in 2010 are due to the lower underlying operating profit of the company, which was described earlier and higher interest expense, together with certain one off cash outflows in 2010 of $32 million. The one off cash outflows incurred in 2010 include accrued interest of $12 million paid when the Senior Secured Notes due 2012 were repaid in January, 2010 and a $20 million cash bonus paid to certain members of the current and former management team at the Lion/Russian Alcohol Group which were due to be paid upon a change of control to CEDC. Due to the timing of the repayment of the 2012 Senior Secured Notes, in effect, the Company incurred a double cash charge of interest during this period.

Overall working capital movements of accounts receivable, inventory and accounts payable utilized approximately $20.4 million of cash during the twelve months ending December 31, 2010. Days sales outstanding ("DSO") increased from 82.6 days as of December 31, 2009 to 87.4 days as of December 31, 2010. This increase was primarily due to increased DSO related to channel mix as more sales were made to discounters and key accounts which tend to have longer payment terms. The number of days in inventory decreased from at approximately 97 days as of December 31, 2009 to approximately 90 days as of December 31, 2010, mainly due to improved inventory management . In addition, the ratio of our current assets to current liabilities, net of inventories, has increased from 1.22 in 2009 to 1.75 in 2010, due to the factors including a reduction in short term liabilities primarily bank loans of $35 million as well as other accrued liabilities of $36 million. The reduction of other accrued liabilities was primarily due to the payment of the $20 million accrual for cash bonuses paid to certain members of the current and former management team at the Lion/Russian Alcohol Group which were due to be paid upon a change of control to CEDC. Additionally impacting the ratio was the impact from the settlement of the restricted cash balance recorded as of December 31, 2009 of $481 million which was settled against the balances for deferred consideration and short term obligations due under the Senior Secured Notes, which occurred in January, 2010. An additional factor that had an impact on the ratio was the sale of the distribution business in Poland which resulted in the elimination of the balances reflected in the current assets and liabilities of discontinued operations as at December 31, 2009.

Net cash flow used in investing activities

Net cash flows used in investing activities represent net cash used to acquire subsidiaries and fixed assets as well as the release of cash from escrow. Net cash inflows for the twelve months ended December 31, 2010 was $457.4 million. In December 2009, the Company funded into escrow a portion of the proceeds from the 2016 Senior Notes issued to be used to repay the 2012 Senior Notes as well as the remaining cash portion of the deferred consideration to Lion Capital related to the acquisition of Russian Alcohol. These funds were then released in January 2010 resulting in a cash inflow from restricted cash of $481.4 million. The $135.9 million of cash out flow primarily represents the remaining cash obligations paid as a result of the final buy out of Russian Alcohol completed in January 2010, of which $100 million came from the release of restricted cash. Another $6 million of cash was used to purchase the Urozhay trade mark in Russia. Additionally the Company received $124.2 million from Eurocash as compensation from disposal of the distribution business.

Net cash flow from financing activities

Net cash flow from financing activities represents cash used for servicing indebtedness, borrowings under credit facilities and cash inflows from private placements and exercise of options. Net cash used in financing activities was $417.9 million for the twelve months ended December 31, 2010 as compared to an inflow of $998.0 million for the twelve months ended December 31, 2009. The primary uses in the twelve months ended

December 31, 2010 were repayment of 2012 Senior Notes for $367.9 million which includes $353.8 million of principal and 4% early redemption premium of $14.1 million. The cash inflow of $7.5 million represents the loan repayment from the Whitehall Group, an equity investment of the Company.

Fiscal year 2009 cash flow

Net cash flow from operating activities

Net cash flow from operating activities represents net cash flow from operations and interest. Net cash provided by operating activities for the twelve months ended December 31, 2009 was $89.8 million as compared to $97.7 million for the twelve months ended December 31, 2008. Working capital movements contributed $25.2 million of cash inflows for the twelve months ended December 31, 2009 as compared to $4.6 million of cash inflow for the twelve months ended December 31, 2008. As the Company experienced lower organic growth rates in 2009 as compared to 2008, due to the global economic crisis, the business was able to reduce working capital requirements thus improving cash flows from working capital movements.

Due to the global economic crisis, the Company experienced lower organic growth rates in 2009 as compared to 2008 and working capital requirements adjusted for the impact of acquisitions were therefore reduced, resulting in increased cash flow from working capital movements during 2009 as compared to 2008. Days sales outstanding ("DSO") increased from 70 days as of December 31, 2008 to 83 days as of December 31, 2009. This increase was primarily due to increased DSO related to sales made to the subsidiaries comprising our distribution business which were held for sale as of December 31, 2009 (see footnote 4 in our financial statements). As part of the preparation to sell our distribution business, we changed the credit terms the Company extended to these subsidiaries from primarily cash on delivery in 2008 to normal third party credit days (30 days on average) at the end of 2009. This change in settlement from cash to credit terms impacted our overall DSO. The number of days in inventory remained stable at approximately 97 days when comparing the value as of December 31, 2009 to December 31, 2008. In addition, the ratio of our current assets to current liabilities, net of inventories, has increased from 1.17 in 2008 to 1.22 in 2009, primarily due to consolidation of Russian Alcohol that caused the increase of our consolidated current assets in comparison to the increase of our consolidated current liabilities of approximately $250 million.

Net cash flow used in investing activities

Net cash flows used in investing activities represent net cash used to complete our investments in entities that were not fully owned, acquire fixed assets, deposit the cash required to fund our 2012 Senior Secured Notes redemption, and pay the substantial majority of deferred payment for Russian Alcohol. For the twelve months ended December 31, 2009, $573.5 million was used to complete the remaining purchase in Parliament and Russian Alcohol. Of this approximately $93.4 million was used to fund the remaining minority buy out of Parliament Group and $455.6 million was paid for the remaining interest of Russian Alcohol, with $110 million deferred until final anti-trust approval was obtained in January 2010 and $45 million, payable in cash or shares, deferred until April, 2010 at the earliest. Of the $110.5 million, $101.0 million was funded into escrow and is shown in the cash outflow for changes in restricted cash. The remaining cash outflow in restricted cash of $380.5 million is related to depositing with the trustee the amounts necessary to fund the early redemption of our 2012 Senior Secured Notes, which took place in January 2010.

Net cash flow from financing activities

Net cash flow from financing activities primarily represents cash inflows from borrowings under credit facilities, and offerings of debt and equity issuances, as well as cash used for servicing indebtedness. Net cash provided by financing activities for the twelve months ended December 31, 2009 was $998.0 million as compared to $620.9 million for the twelve months ended December 31, 2008. The primary sources of cash flow from financing activities were two public equity offerings completed in July and November 2009, raising net

proceeds of $491.0 million as well as the issuance of new Senior Secured Notes due 2016 raising net proceeds of $929.6 million. Offsetting these cash inflows was the repayment of debt, primarily the debt of Russian Alcohol of $35.0 million and $251.0 million for short and long term portions of this debt, respectively. Additional amounts include the payment of pre-acquisition tax penalties of Russian Alcohol, which is to be reimbursed by the sellers and has been netted off with loans from the sellers.

The Company's Future Liquidity and Capital Resources

Financing Arrangements

According to the management the Company has sufficient liquidity to fund its operations in the future.

Bank Facilities

On December 17, 2010, the Company entered into a term and overdraft facilities Agreement (the "Credit Facility") with Bank Handlowy w Warszawie S.A., as Agent, Original Lender and Security Agent, and Bank Zachodni WBK S.A., as Original Lender. The Credit Facility provides for a credit limit of up to 330.0 million Polish zloty (or approximately $ 111.5 million) which may be disbursed as one term loan and two overdraft facilities to be used to (i) refinance existing credit facilities and (ii) finance general business purposes of the Borrowers. On December 20, 2010, the Company drew approximately 130.0 million Polish zloty (or approximately $43.9 million), and used the net proceeds to repay previous loan facilities with other lenders.

The term loan initially bore interest at a rate equal to a margin of 2.25% plus the Warsaw Interbank Rate plus the percentage per annum reflecting certain mandatory costs payable by the Lenders. The term loan matures 48 months after the date on which the advance is made. As of December 31, 2010, the Company had utilized approximately 130.0 million Polish zloty ($43.9 million) of the Term Loan. The overdraft facilities initially bore interest at a rate equal to a margin of 1.25% plus the Warsaw Interbank Rate plus the percentage per annum reflecting certain mandatory costs payable by the Lenders. The overdraft facilities mature 12 months after the date on which the term loan advance is made. As of December 31, 2010, the Company did not have any outstanding amounts under the overdraft facilities, and 200.0 million Polish zloty ($67.6 million) remained available under the overdraft facilities.

The Credit Facility contains certain customary affirmative and negative covenants that, among other things, impose restrictions on our ability to merge, dissolve, liquidate or consolidate, make acquisitions and investments, dispose of or transfer assets, change the nature of our business or incur additional indebtedness, in each case, subject to certain qualifications and exceptions.

In addition, the Credit Facility contains certain financial covenants, which include, but are not limited to, a minimum ratio of EBITDA to fixed charges (the "Consolidated Coverage Ratio") of 2:1 and a maximum ratio of total debt less cash to EBITDA (the "Net Leverage Ratio") of (i) 5:1 for the Calculation Period (defined below) ending on December 31, 2010 and March 31, 2011, (ii) 4.5:1 for the Calculation Period ending on June 30, 2011, September 30, 2011, December 31, 2011 and March 31, 2012, (iii) 4:1 for the Calculation Period ending on June 30, 2012 and September 30, 2012, (iv) 3.5:1 for the Calculation Period ending on December 31, 2012 and March 31, 2013 and (v) 3:1 for each subsequent Calculation Period. The Consolidated Coverage Ratio and the Net Leverage Ratio are each calculated at the end of each period of twelve months immediately preceding the last day of each of our fiscal quarters (each a "Calculation Period").

As of December 31, 2010, primarily due to the factors that negatively affected our 2010 financial performance discussed above, including introductory costs associated with the launch of *Zubrowka Biala*, increased raw spirit prices due to the summer drought in Russia and Eastern Europe and our inability to obtain excise stamps in our primary production in Russia in the fourth quarter of 2010, our Consolidated Coverage Ratio was

approximately 1.7 and our Net Leverage Ratio was approximately 6.4. We were therefore not in compliance with the Consolidated Coverage Ratio covenant and the Net Leverage Ratio covenant as of December 31, 2010.

On February 28, 2011 we entered into a letter agreement with Bank Handlowy w Warszawie S.A. and Bank Zachodni WBK S.A. (the "Letter Agreement") pursuant to which and subject to the terms and conditions contained therein, the parties agreed, among other things, to waive any breach of the Consolidated Coverage Ratio covenant and the Net Leverage Ratio covenant relating to the measurement period ending on December 31, 2010, and amended these ratios for purposes of the measurement period ending on March 31, 2011 to 1.28:1 and 8.35:1, respectively. As a result of the Letter Agreement, our failure to comply with the Consolidated Coverage Ratio covenant and the Net Leverage Ratio covenant as of December 31, 2010 did not result in a default under the Credit Facility. We continue to work with our lenders under the Credit Facility to seek a further amendment to these ratios for future measurement periods, and we and our lenders have agreed to cooperate in good faith to reach agreement on revised terms and conditions of the Credit Facility by June 30, 2011. Although we cannot provide any definitive assurances as to future compliance with these ratios, we currently expect to satisfy these ratios, as amended by the Letter Agreement, for the measurement period ending on March 31, 2011; however, absent a further amendment to the facility, we currently project that we would not satisfy either of the ratios as of the remaining measurement periods in 2011. In addition to any rights our lenders have under the Credit Facility, if we have not agreed revised terms with our lenders by June 30, 2011, the Letter Agreement provides that they will have the right at any time on or after July 29, 2011 to declare the facility due and payable.

In connection with the Letter Agreement, we have agreed to pay a one-time waiver fee of PLN 3.3 million (approximately US$1.15 million). In addition, we have agreed with our lenders that the amount available to us under the overdraft facilities included in the Credit Facility is reduced to PLN 120 million (approximately US$41.6 million) and the margins on our term loan and overdraft facilities will be increased (with effect from March 1, 2011) to 4.25% and 3.25%, respectively, and the margin on letters of credit issued thereunder will be increased to 2.50%. The amount available to us under the overdraft facilities may be increased, and the margins may be decreased, at the sole discretion of the lenders after completion of a due diligence process. As of the date hereof, $7.3 million was outstanding under the overdraft facility.

If we fail to satisfy the Consolidated Coverage Ratio or the Net Leverage Ratio in any future measurement period thereunder, and such failure is not waived or cured, it could result in acceleration of the related debt and acceleration of debt under other instruments that include cross-acceleration or cross-default provisions including if the amount of all indebtedness so accelerated exceeds US$30.0 million, the indentures for our senior secured notes due 2016 and our convertible senior notes. We may seek alternative financing whether or not we reach a satisfactory agreement with our lenders in respect of the Credit Facility. Such financing may include equity and/or debt financing, which may be secured, and we may seek to repay all or a portion of the Credit Facility with proceeds of such financing or a combination of such proceeds and cash on hand. We have a right to prepay the term facility in whole or in part, at any time on 10 business days notice . We cannot assure you whether, or on what terms, such transactions may be available to us, and such availability and our view as to the advisability of engaging in any such transaction or combination of transactions will depend upon, among other things, market, economic, business and other conditions and expectations then existing.

Based on the above the outstanding loan amount as of December 31, 2010 of $43.9 million was presented as a current debt.

Additionally as of December 31, 2010, full amount of $41.5 million remained available under overdraft facilities from Pekao S.A,and BRE Bank with maturity dates on April 30, 2011 and February 24, 2011 respectively.

As of December 31, 2010 Bols Hungary full amount of $0.5 million remained available under overdraft facilities from ING Bank.

Senior Secured Notes due 2016

On December 2, 2009, the Company issued and sold $380 million 9.125% Senior Secured Notes due 2016 and €380 million 8.875% Senior Secured Notes due 2016 (the "2016 Notes") in an offering to institutional investors that was not required to be registered with the SEC. The Company used a portion of the net proceeds from the 2016 Notes to redeem the Company's outstanding 2012 Notes, having an aggregate principal amount of €245,440,000 on January 4, 2010. The remainder of the net proceeds from the 2016 Notes was used to (i) purchase Lion Capital's remaining equity interest in Russian Alcohol by exercising the Lion Option and the Co-Investor Option, pursuant to the terms and conditions of the Lion Option Agreement and the Co-Investor Option Agreement, respectively (ii) repay all amounts outstanding under the Russian Alcohol credit facilities; and (iii) repay certain other indebtedness.

On December 9, 2010 the Company issued and sold additional €50 million 8.875% Senior Secured Notes due 2016 (the "2016 Notes") in an offering to institutional investors that was not required to be registered with the SEC. The Company used the net proceeds from the additional 2016 Notes to repay its term loans and overdraft facilities with Bank Handlowy w Warszawie S.A and Bank Zachodni WBK S.A.

The 2016 Notes are guaranteed on a senior basis by certain of the Company's subsidiaries. We are required to ensure that subsidiaries representing at least 85% of our consolidated EBITDA, as defined in the indenture, guarantee the notes. The notes are secured, directly or indirectly, by a variety of our and our subsidiary's assets, including shares of the issuer of the notes and subsidiaries in Poland, Cyprus, Russia and Luxembourg, certain intercompany loans made by the issuer of the notes and our Russian finance company in connection with the issuance of the notes, trademarks related to the Soplica brand registered in Poland and the European Union trademarks in the Parliament brand registered in Germany, and bank accounts over $5.0 million. We are also required to use our reasonable best efforts to provide mortgages over our Polmos and Bols production plants and the Russian Alcohol Siberian and Topaz Distilleries within specified time frames. The indenture governing the 2016 Notes contains certain restrictive covenants, including covenants limiting the Company's ability to: incur or guarantee additional debt; make certain restricted payments; transfer or sell assets; enter into transactions with affiliates; create certain liens; create restrictions on the ability of restricted subsidiaries to pay dividends or other payments; issue guarantees of indebtedness by restricted subsidiaries; enter into sale and leaseback transactions; merge, consolidate, amalgamate or combine with other entities; designate restricted subsidiaries as unrestricted subsidiaries; and engage in any business other than a permitted business. The indenture governing the 2016 Notes also contains a cross-acceleration covenant. If repayment of amounts borrowed under our bank credit facility were to be accelerated in accordance with its terms then repayment of the 2016 Notes would also be accelerated in accordance with this covenant.

Convertible Senior Notes

On March 7, 2008, the Company completed the issuance of $310 million aggregate principal amount of 3% Convertible Senior Notes due 2013 (the "Convertible Notes"). Interest is due semi-annually on the 15th of March and September, beginning on September 15, 2008. The Convertible Notes are convertible in certain circumstances into cash and, if applicable, shares of our common stock, based on an initial conversion rate of 14.7113 shares per $1,000 principal amount, subject to certain adjustments. Upon conversion of the notes, the Company will deliver cash up to the aggregate principal amount of the notes to be converted and, at the election of the Company, cash and/or shares of common stock in respect to the remainder, if any, of the conversion obligation. The proceeds from the Convertible Notes were used to fund the cash portions of the acquisitions of Parliament and Whitehall. The indenture governing the Convertible Notes also contains a cross-acceleration covenant. If repayment of amounts borrowed under our bank credit facility were to be accelerated in accordance with its terms then repayment of the Convertible Notes would also be accelerated in accordance with this covenant.

Equity Issuances

On April 22, 2010, in accordance with the terms of the Option Agreement dated November 19, 2009, the Company exercised its right to issue to Cayman 4 and Cayman 5, in settlement of consideration owed under the Lion Option Agreement, 799,330 shares and 278,745 shares, respectively, of the Company's common stock (the "Share Issuance"). The impact of the Share Issuance was to repay $45 million of the $50 million of deferred consideration recorded as a liability as of March 31, 2010.

Whitehall Acquisition

On February 7, 2011, the Company and Mark Kaufman entered into a definitive Share Sale and Purchase Agreement (the "SPA") and registration rights agreement as to which the terms of each were agreed by the parties on November 29, 2010.

Pursuant to the SPA, among other things and upon the terms and subject to the conditions contained therein, on February 7, 2011 (a) Polmos Bialystok(i) received 1,500 Class B shares of Peulla Enterprises Limited, a private limited liability company organized under the laws of Cyprus and the parent of WHL Holdings Limited ("Peulla"), representing the remainder of the economic interests in Peulla not owned by Polmos and (ii) delivered to Seller and Kaufman an aggregate $68.5 million in cash in immediately available funds; and (b) the Company (i) received 3,751 Class A shares of Peulla, representing the remainder of the voting interests in Peulla not owned by the Company or Polmos and (ii) issued to Kaufman 959,245 shares of the Company's common stock, par value $0.01 per share. The issued shares had an aggregate value of $23.0 million based on the 30 day volume weighted average price of a share of our common stock on the day prior to the closing. In addition, if the aggregate value of such shares (based on the lower of the trading price of a share of our common stock or the 10 day volume weighted average price) is less than $23.0 million on the day prior to filing a registration statement for resale of the shares or the day shares are sold under Rule 144 of the Securities Act, the recipient of such shares is entitled to a payment in cash equal to such difference in value. Such amount is not yet determinable.

Russian Alcohol Group Acquisition

On April 22, 2010, in accordance with the terms of the Option Agreement dated November 19, 2009, the Company exercised its right to issue to Cayman 4 and Cayman 5, in settlement of consideration owed under the Lion Option Agreement, 799,330 shares and 278,745 shares, respectively, of the Company's common stock (the "Share Issuance"). The impact of the Share Issuance was to repay $45 million of the $50 million of deferred consideration recorded as a liability as of March 31, 2010. The remaining $5 million was settled in cash on February 4, 2011.

Capital Expenditure

Our net capital expenditure on tangible fixed assets for the twelve months ended December 31, 2010, 2009, and 2008 was $6.2 million, $16.1 million and $19.6 million, respectively. Capital expenditures during the twelve months ended December 31, 2010 were used primarily for production equipment and fleet. Capital expenditures during the twelve months ended December 31, 2009 were used primarily for production equipment and fleet. Capital expenditures during the twelve months ended December 31, 2008 were used primarily for production equipment and fleet.

We have estimated that maintenance capital expenditure for 2011, 2012 and 2013 for our existing business combined with our acquired businesses will be approximately $10.0 to $15.0 million per year. Future capital expenditure is expected to be used for our continued investment in information technology, trucks, and routine improvements to production facilities. Pursuant to our acquisition of Polmos Bialystok, the Company is required to ensure that Polmos Bialystok will make investments of at least 77.5 million Polish zloty (approximately $25.6

million based on year end exchange rate) during the five years after the consummation of the acquisition. As of December 31, 2010 the company has completed 97.8% of these investment commitments.

A substantial portion of these future capital expenditure amounts are discretionary, and we may adjust spending in any period according to our needs. We currently intend to finance all of our capital expenditure through cash generated from operating activities.

Contractual Obligations

The following table summarizes our contractual obligations as of December 31, 2010:

	Payments due by period				
	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
			(unaudited) ($ in thousands)		
Long-term debt obligations	$1,250,758	0	$299,122	$ 0	$ 951,636
Interest on long-term debt	532,051	95,033	186,965	171,465	78,588
Short-term debt obligations	43,919	43,919	0	0	0
Interest on short-term debt	2,475	2,475	0	0	0
Deferred payments related to acquisitions	5,000	5,000	0	0	0
Operating leases	59,240	8,477	18,523	21,176	11,064
Capital leases	1,933	758	1,175	0	0
Contracts with suppliers	1,604	1,589	15	0	0
Total	**$1,896,980**	**$157,251**	**$505,800**	**$192,641**	**$1,041,288**

Effects of Inflation and Foreign Currency Movements

Actual inflation in Poland was 3.1% in 2010, compared to inflation of 3.5% in 2009. In Russia and Hungary respectively, the actual inflation for 2010 was at 8.8% and 4.7%, compared to actual inflation of 8.8% and 5.6% in 2009.

Substantially all of the Company's operating cash flows and assets are denominated in Polish zloty, Russian ruble and Hungarian forint. This means that the Company is exposed to translation movements both on its balance sheet and statement of operations. The impact on working capital items is demonstrated on the cash flow statement as the movement in exchange on cash and cash equivalents. The impact on the statement of operations is by the movement of the average exchange rate used to restate the statement of operations from Polish zloty, Russian ruble and Hungarian forint to U.S. dollars. The amounts shown as exchange rate gains or losses on the face of the statements of operations relate only to realized gains or losses on transactions that are not denominated in Polish zloty, Russian ruble or Hungarian forint.

Because the Company's reporting currency is the U.S. dollar, the translation effects of fluctuations in the exchange rate of our functional currencies have impacted the Company's financial condition and results of operations and have affected the comparability of our results between financial periods.

The Company has borrowings including its Convertible Notes due 2013 and Senior Secured Notes due 2016 that are denominated in U.S. dollars and euros, which have been lent to its operations where the functional currency is the Polish zloty and Russian ruble. The effect of having debt denominated in currencies other than the Company's functional currencies is to increase or decrease the value of the Company's liabilities on that debt in terms of the Company's functional currencies when those functional currencies depreciate or appreciate in value respectively. As a result of this, the Company is exposed to gains and losses on the re-measurement of these

liabilities. The table below summarizes the pre-tax impact of a one percent movement in each of the exchange rate which could result in a significant impact in the results of the Company's operations.

Exchange Rate	Value of notional amount	Pre-tax impact of a 1% movement in exchange rate
USD-Polish zloty	$426 million	$4.3 million gain/loss
USD-Russian ruble	$264 million	$2.6 million gain/loss
EUR-Polish zloty	€430 million or approximately $575 million	$5.8 million gain/loss

Critical Accounting Policies and Estimates

General

The Company's discussion and analysis of its financial condition and results of operations are based upon the Company's consolidated financial statements which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements requires the Company to make estimates and judgments that affect the reported amounts of net sales, expenses, assets and liabilities. The Company bases its estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances. Actual results may differ from these estimates under different assumptions and conditions.

Revenue Recognition

Revenues of the Company include sales of its own produced spirit brands and imported wine, beer and spirit brands, the sale of each of these revenues streams are all processed and accounted for in the same manner. For all of its sources of revenue, the Company recognizes revenue when persuasive evidence of an arrangement exists, delivery of product has occurred, the sales price charged is fixed or determinable and collectability is reasonably assured. This generally means that revenue is recognized when title to the products are transferred to our customers. In particular, title usually transfers upon shipment to or receipt at our customers' locations, as determined by the specific sales terms of the transactions.

Sales are stated net of sales tax (VAT) and reflect reductions attributable to consideration given to customers in various customer incentive programs, including pricing discounts on single transactions, volume discounts, promotional listing fees and advertising allowances, cash discounts and rebates. Net sales revenue includes excise tax except in the case where the sales are made from the production unit or related to imported goods, in which case it is recorded net of excise tax.

Revenue Dilution

As part of normal business terms with customers, the Company provides for additional discounts and rebates off our standard list price for all of the products we sell. These revenue reductions are documented in our contracts with our customers and are typically associated with annual or quarterly purchasing levels as well as payment terms. These rebates are divided into on-invoice and off-invoice discounts. The on-invoice reductions are presented on the sales invoice and deducted from the invoice gross sales value. The off-invoice reductions are calculated based on the analysis performed by management and are provided for in the same period the related sales are recorded. Discounts or fees that are subject to contractual based term arrangements are amortized over the term of the contract. For the years ending December 31, 2010, 2009 and 2008, the Company recognized $172.9 million, $112.8 million and $77.2 million of off invoice rebates as a reduction to net sales, respectively.

Certain sales contain customer acceptance provisions that grant a right of return on the basis of either subjective criteria or specified objective criteria. Where appropriate a provision is made for product return, based upon a combination of historical data as well as depletion information received from our larger clients. The

Company's policy is to closely monitor inventory levels with our key distribution customers to ensure that we do not create excess stock levels in the market which would result in a return of sales in the future. Historically sales returns from customers has averaged less than 1% of our net sales revenue.

Goodwill and Intangibles

Following the adoption of ASC Topic 805 and ASC Topic 350, goodwill and certain intangible assets having indefinite lives are no longer subject to amortization. Their book values are tested annually for impairment, or more frequently, if facts and circumstances indicate the need. Fair value measurement techniques, such as the discounted cash flow methodology, are utilized to assess potential impairments. The testing is performed at asset group level for intangibles and reporting unit level for goodwill. In the discounted cash flow method, the Company discounts forecasted performance plans to their present value. The discount rate utilized is the weighted average cost of capital for the reporting unit. US GAAP requires the impairment test to be performed in two stages. If the first stage does not indicate that the carrying values of the reporting units exceed the fair values, the second stage is not required. When the first stage indicates potential impairment, the company has to complete the second stage of the impairment test and compare the implied fair value of the reporting units' goodwill to the corresponding carrying value of goodwill.

In estimating fair value, management must make assumptions and projections regarding such items as future cash flows, future revenues, future earnings, and other factors. The assumptions used in the estimate of fair value are generally consistent with the past performance of each reporting unit and are also consistent with the projections and assumptions that are used in current operating plans. Such assumptions are subject to change as a result of changing economic and competitive conditions. If these estimates or their related assumptions change in the future, the Company may be required to record an impairment loss for the reporting group. The fair values calculated have been adjusted where applicable to reflect the tax impact upon disposal of the reporting group.

In connection with the Bols, Polmos Bialystok, Parliament and Russian Alcohol acquisitions, the Company has acquired trademark rights to various brands, which were capitalized as part of the purchase price allocation process. As these brands are well established they have been assessed to have an indefinite life. These trademarks rights will not be amortized; however, management assesses them at least once a year for impairment.

As of December 31, 2010, we had approximately $1,450.2 million of goodwill and $627.3 million of intangible assets, net, on our balance sheet. Substantially all of our intangible assets comprise trademark rights to various brands, which were capitalized as part of the purchase price allocation process in connection with our acquisitions of Bols, Polmos Bialystok, Parliament and Russian Alcohol. As these brands are well established they have been assessed to have an indefinite life and, accordingly, are not amortized but rather assessed for impairment.

In order to establish the fair value of intangible assets with indefinite lives, the Company has performed tests of impairment of goodwill and indefinite lived intangible assets, which required the use of estimates. We calculated the fair market value of these assets using a discount cash flow approach and based our calculations as at December 31, 2010 on the following assumptions:

- Risk free rates for Poland, Russia and Hungary used for calculation of discount rate were based upon current market rates of long term Polish Government Bonds rates, long term Russian Government Bonds rates and long term Hungarian Government Bonds. When estimating discount rates to be used for the calculation we have taken into account current market conditions in Poland, Russia and Hungary separately. As a result of our assumptions and calculations, we have determined discount rates of 7.60%, 11.96% and 9.41% for Poland, Russia and Hungary, respectively. Factoring in a deviation of 10 basis points for the discount rate as compared to management's estimate, there would still be no need for an impairment charge against goodwill.

- We have tested goodwill for impairment separately for the following reporting units: Poland Vodka Production, Poland Import, Hungary Distribution, Russia Vodka Production (including Parliament and Russian Alcohol).
- We estimated the growth rates in projecting cash flows for each of our reporting group separately, based on a detailed five year plan related to each reporting unit.
- We estimated the terminal value growth rates for our indefinite lived intangible assets within the range from 1.0% to 2.5% and for goodwill from 1.5% to 2.5% individually for each of the reporting group. Factoring in a deviation of 10 basis points for the terminal value growth rate as compared to management's estimate, there would still be no need for an impairment charge against goodwill and no need for a further charge for the indefinite lived intangibles.

Based upon the above analysis performed and due to the continued lower performance of certain brands as compared to expectations in 2010, primarily *Absolwent* and *Bols*, the Company has determined that the fair value of the trademarks related to these brands has deteriorated. We therefore recorded an impairment charge of $131.8 million during the fourth quarter of 2010 that included an impairment to the carrying values of our trademarks related predominately to the *Absolwent* and Bols brand in Poland.

Taking into account estimations supporting our calculations under current market trends and conditions we believe that no goodwill impairment charge is considered necessary through the date of the accompanying financial statements.

Accounting for Business Combinations

The acquisition of businesses is an important element of the Company's strategy. Acquisitions made prior to December 31, 2008 were accounted for in accordance with SFAS No. 141, "Business Combinations" ("SFAS 141"). Effective January 1, 2009, all business combinations will be accounted for in accordance with ASC Topic 805 "Business Combinations."

We account for our acquisitions made in 2008 under the purchase method of accounting in accordance with SFAS 141, Business Combinations, and allocate the assets acquired and liabilities assumed based on their estimated fair values at the acquisition date. The determination of the values of the assets acquired and liabilities assumed, as well as associated asset useful lives, requires management to make estimates. The Company's acquisitions typically result in goodwill and other intangible assets; the value and estimated life of those assets may affect the amount of future period amortization expense for intangible assets with finite lives as well as possible impairment charges that may be incurred.

The calculation of purchase price allocation requires judgment on the part of management in determining the valuation of the assets acquired and liabilities assumed.

Whitehall Group

As a result of requirements set out in ASC 810, as of January 1, 2010 the Company changed the method of consolidation of Whitehall Group, in which the Company controls 49% of the voting interest from consolidation to the equity method of accounting. This change was applied retrospectively to all the periods presented in the financial statements.

Russian Alcohol Group

On January 20, 2010, the Company completed its acquisition of Russian Alcohol. For further details on the whole structure of this acquisition please refer to Note 2 of the accompanying financial statements attached herein.

Discontinued operations

For the purpose of financial reporting Management analyzed the requirements of U.S. GAAP (mainly ASC 360-10 PP&E and ASC 205-20 Presentation of Financial Statements) and concluded that the Company's activities meet the required criteria and therefore it is necessary to present its distribution business in Poland, described below, as a component held for sale and as discontinued operations. On August 2, 2010 the Company has closed the sale of 100% of its distribution business in Poland to Eurocash S.A. for a purchase price of 378.6 million Polish zlotys ($124.2 million) in cash, on a debt free, cash free basis, after all price adjustments.

Involvement of the Company in variable interest entities ("VIEs") and continuing involvement with transferred financial assets.

On May 23, 2008, the Company and certain of its affiliates, entered into, and closed upon, a Share Sale and Purchase Agreement and certain other agreements whereby the Company acquired shares representing 50% minus one vote of the voting power, and 75% of the economic interests, in the Whitehall Group. In consideration for additional payments made to the seller on February 24, 2009, the Company received an additional 375 Class B shares of Whitehall, which represents an increase of the Company's economic stake in Whitehall Group from 75% to 80%.

Transfers of Financial Assets

Except for the amount of $7.5 million that was lent at market rates as working capital by the Company to the Whitehall Group there were no transfers of financial assets to VIE as the Whitehall Group is a self financing body. Including the $7.5 million transfer, the Company does not have any continuing involvement with transferred financial assets that allow the transferors to receive cash flows or other benefits from the assets or requires the transferors to provide cash flows or other assets in relation to the transferred financial assets.

Variable Interest Entities

Upon original acquisition of Whitehall Group it was determined that the entity was a variable interest entity and that CEDC was the primary beneficiary. CEDC consolidated the Whitehall Group as a business combination as of May 23, 2008, on the basis that the Whitehall Group was a Variable Interest Entity ("VIE") and the Company had been assessed as being the primary beneficiary. Included within the Whitehall Group is a 50/50 joint venture with Möet Hennessy. This joint venture is accounted for using the equity method and is recorded on the face of the balance sheet as Equity method investment in affiliates interest initially recorded at fair value on the face of the balance sheet. The Company is currently in negotiations with Moet Hennessy concerning the future of the joint venture, following our acquisition of control of the Whitehall Group.

In June 2009, the FASB issued ASC Topic 810, which changes how a company determines whether an entity should be consolidated. Upon the adoption of ASC Topic 810, the Company reassessed who is the primary beneficiary based on the accounting definition of 'control' and power. Based on that reassessment the Company changed the method of consolidation of Whitehall Group, in which the Company controls 49% of the voting interest from consolidation to the equity method of accounting. This change was applied retrospectively to all the periods presented in the financial statements.

Share Based Payments

Grant-date fair value of stock options is estimated using a lattice-binomial option-pricing model. We recognize compensation cost for awards over the vesting period. The majority of our stock options have a vesting period between one to three years.

See Note 13 to our Consolidated Financial Statements for more information regarding stock-based compensation.

Recently Issued Accounting Pronouncements

In July 2010, FASB issued guidance that provides for additional financial statement disclosure regarding financing receivables, including the credit quality and allowance for credit losses associated with such assets. This guidance is generally effective for interim and annual periods beginning after December 15, 2010, with certain disclosures effective for interim and annual periods ending on or after December 31, 2010. We will fully adopt this guidance in the 2011 first quarter, and we do not currently believe that the implementation will have any impact on our results of operations and financial condition.

The FASB issued new disclosure requirements that require the disaggregation of the Level 3 fair value measurement reconciliations into separate categories for significant purchases, sales, issuances, and settlements. We will fully adopt this guidance in the 2011 first quarter, and we do not currently believe that the implementation will have any impact on our results of operations and financial condition.

In December 2010, the FASB issued new guidance on performing goodwill impairment tests. The new guidance eliminates the option to exclude liabilities that are part of the capital structure of the reporting unit when calculating the carrying value of the reporting unit. We will fully adopt this guidance in the 2011 first quarter, and we are currently evaluating the impact of the implementation on our results of operations and financial condition.

Item 7A. Quantitative and Qualitative Disclosure about Market Risk

Our operations are conducted primarily in Poland and Russia and our functional currencies are primarily the Polish zloty, Hungarian forint and Russian ruble and the reporting currency is the U.S. dollar. Our financial instruments consist primarily of cash and cash equivalents, accounts receivable, accounts payable, inventories, bank loans, overdraft facilities and long-term debt. All of the monetary assets represented by these financial instruments are located in Poland, Russia and Hungary. Consequently, they are subject to currency translation movements when reporting in U.S. dollars.

If the U.S. dollar increases in value against the Polish zloty, Russian ruble or Hungarian forint, the value in U.S. dollars of assets, liabilities, revenues and expenses originally recorded in Polish zloty, Russian ruble or Hungarian forint will decrease. Conversely, if the U.S. dollar decreases in value against the Polish zloty, Russian ruble or Hungarian forint, the value in U.S. dollars of assets, liabilities, revenues and expenses originally recorded in Polish zloty, Russian ruble or Hungarian forint will increase. Thus, increases and decreases in the value of the U.S. dollar can have a material impact on the value in U.S. dollars of our non-U.S. dollar assets, liabilities, revenues and expenses, even if the value of these items has not changed in their original currency.

The Company has borrowings including its Convertible Notes due 2013 and Senior Secured Notes 2016 that are denominated in U.S. dollars and euros, which have been lent to its operations where the functional currency is the Polish zloty and Russian ruble. The effect of having debt denominated in currencies other than the Company's functional currencies is to increase or decrease the value of the Company's liabilities on that debt in terms of the Company's functional currencies when those functional currencies depreciate or appreciate in value respectively. As a result of this, the Company is exposed to gains and losses on the re-measurement of these liabilities. The table below summarizes the pre-tax impact of a one percent movement in each of the exchange rate which could result in a significant impact in the results of the Company's operations.

Exchange Rate	Value of notional amount	Pre-tax impact of a 1% movement in exchange rate
USD-Polish zloty	$426 million	$4.3 million gain/loss
USD-Russian ruble	$264 million	$2.6 million gain/loss
EUR-Polish zloty	€430 million or approximately $575 million	$5.8 million gain/loss

Item 8. Financial Statements and Supplementary Data

Index to consolidated financial statements:

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of
Central European Distribution Corporation

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of operations, changes in stockholders' equity and cash flows present fairly, in all material respects, the financial position of Central European Distribution Corporation ("CEDC" or the "Company") and its subsidiaries at December 31, 2010 and December 31, 2009, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2010 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2010, based on criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for these financial statements, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the Management's Report on Internal Control over Financial Reporting appearing under Item 9A. Our responsibility is to express opinions on these financial statements and on the Company's internal control over financial reporting based on our integrated audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

As discussed in Notes 3 and 4 to the consolidated financial statements, the Company changed the presentation of its distribution business to discontinued operations and the method of accounting of the Whitehall Group from consolidation to the equity method in 2010.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ PricewaterhouseCoopers Sp. z o.o.
Warsaw, Poland

March 1, 2011

CENTRAL EUROPEAN DISTRIBUTION CORPORATION

CONSOLIDATED BALANCE SHEET

Amounts in columns expressed in thousands
(except share and per share information)

	December 31, 2010	December 31, 2009
ASSETS		
Current Assets		
Cash and cash equivalents	$ 122,324	$ 126,439
Restricted cash	0	481,419
Accounts receivable, net of allowance for doubtful accounts of $20,357 and $10,066 respectively	478,379	475,126
Inventories	93,678	92,216
Prepaid expenses and other current assets	35,202	33,302
Loans granted	0	1,608
Loans granted to affiliates	0	7,635
Deferred income taxes	80,956	82,609
Debt issuance cost	2,739	7,078
Current assets of discontinued operations	0	267,561
Total Current Assets	**813,278**	**1,574,993**
Intangible assets, net	627,342	773,222
Goodwill, net	1,450,273	1,484,072
Property, plant and equipment, net	201,477	215,916
Deferred income taxes	44,028	27,123
Equity method investment in affiliates	243,128	244,504
Debt issuance costs	16,656	17,492
Non-current assets of discontinued operations	0	101,778
Total Non-Current Assets	**2,582,904**	**2,864,107**
Total Assets	**$ 3,396,182**	**$ 4,439,100**
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Trade accounts payable	$ 114,958	$ 113,006
Bank loans and overdraft facilities	45,359	81,053
Income taxes payable	5,102	3,827
Taxes other than income taxes	182,232	208,784
Other accrued liabilities	55,070	91,435
Short-term obligations under Senior Notes	0	363,688
Current portions of obligations under capital leases	758	481
Deferred consideration	5,000	160,880
Current liabilities of discontinued operations	0	194,761
Total Current Liabilities	**408,479**	**1,217,915**
Long-term debt, less current maturities	0	106,043
Long-term obligations under capital leases	1,175	480
Long-term obligations under Senior Notes	1,250,758	1,225,292
Long-term accruals	2,572	3,214
Deferred income taxes	168,527	198,174
Non-current liabilities of discontinued operations	0	2,820
Total Long Term Liabilities	**1,423,032**	**1,536,023**
Stockholders' Equity		
Common Stock ($0.01 par value, 120,000,000 shares authorized, 70,752,670 and 69,411,845 shares issued at December 31, 2010 and December 31, 2009, respectively)	708	694
Additional paid-in-capital	1,343,639	1,296,391
Retained earnings	160,250	264,917
Accumulated other comprehensive income of continuing operations	60,224	82,994
Accumulated other comprehensive income of discontinued operations	0	40,316
Less Treasury Stock at cost (246,037 shares at December 31, 2010 and December 31, 2009, respectively)	(150)	(150)
Total CEDC Stockholders' Equity	**1,564,671**	**1,685,162**
Noncontrolling interests in subsidiaries	0	0
Total Equity	**1,564,671**	**1,685,162**
Total Liabilities and Stockholders' Equity	**$ 3,396,182**	**$ 4,439,100**

The accompanying notes are an integral part of the consolidated financial statements.

CENTRAL EUROPEAN DISTRIBUTION CORPORATION

CONSOLIDATED STATEMENTS OF OPERATIONS

Amounts in columns expressed in thousands

(except per share information)

	Year ended December 31,		
	2010	2009	2008
Sales	**$ 1,573,702**	**$1,532,352**	**$ 1,289,963**
Excise taxes	(862,165)	(842,938)	(718,721)
Net Sales	**711,537**	**689,414**	**571,242**
Cost of goods sold	383,671	340,482	321,274
Gross Profit	**327,866**	**348,932**	**249,968**
Operating expenses	219,609	144,158	114,607
Impairment charges	131,849	20,309	0
Operating Income / (loss)	**(23,592)**	**184,465**	**135,361**
Non operating income / (expense), net			
Interest expense, net	(104,866)	(73,468)	(47,810)
Other financial income / (expense), net	6,773	25,193	(123,801)
Amortization of deferred charges	0	(38,501)	0
Other non operating expenses, net	(13,572)	(934)	(488)
Income/(loss) before taxes, equity in net income from unconsolidated investments	**(135,257)**	**96,755**	**(36,738)**
Income tax benefit/(expense)	28,114	(18,495)	(1,382)
Equity in net earnings/(losses) of affiliates	14,254	(5,583)	1,168
Income / (loss) from continuing operations	**(92,889)**	**72,677**	**(36,952)**
Discontinued operations			
Income / (loss) from operations of distribution business	(11,815)	9,410	27,203
Income tax benefit / (expense)	37	(1,050)	(5,169)
Income / (loss) on discontinued operations	**(11,778)**	**8,360**	**22,034**
Net income / (loss)	**(104,667)**	**81,037**	**(14,918)**
Less: Net income attributable to noncontrolling interests in subsidiaries	0	2,708	3,680
Net income /(loss) attributable to CEDC	**($ 104,667)**	**$ 78,329**	**($ 18,598)**
Income / (loss) from continuing operations per share of common stock, basic	($ 1.32)	$ 1.35	($ 0.84)
Income / (loss) from discontinued operations per share of common stock, basic	($ 0.17)	$ 0.16	$ 0.50
Net income / (loss) from operations per share of common stock, basic	**($ 1.49)**	**$ 1.51**	**($ 0.34)**
Income / (loss) from continuing operations per share of common stock, diluted	($ 1.32)	$ 1.35	($ 0.84)
Income / (loss) from discontinued operations per share of common stock, diluted	($ 0.17)	$ 0.15	$ 0.49
Net income / (loss) from operations per share of common stock, diluted	($ 1.49)	$ 1.50	($ 0.34)

The accompanying notes are an integral part of the consolidated financial statements.

CENTRAL EUROPEAN DISTRIBUTION CORPORATION

CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

Amounts in columns expressed in thousands (except per share information)

	Common Stock				Additional Paid-in Capital	Retained Earnings	Accumu-lated other comprehen-sive income of continuing operations	Accumu-lated other comprehen-sive income of discontinued operations	Non-controlling interest in subsidiaries	Total
	Common Stock		Treasury Stock							
	No. of Shares	Amount	No. of Shares	Amount						
Balance at December 31, 2007	40,566	$ 406	246	($ 150)	$ 429,554	$ 205,186	$ 155,753	$ 26,976	$ 481	$ 818,206
Net income / (loss) for 2008	0	0	0	0	0	(16,591)	0	0	3,680	(12,911)
Foreign currency translation adjustment	0	0	0	0	0	0	(194,923)	2,304	10,445	(182,174)
Comprehensive income for 2008	0	0	0	0	0	(16,591)	(194,923)	2,304	14,125	(195,085)
Common stock issued in public placement	3,576	36	0	0	233,809	0	0	0	0	233,845
Common stock issued in connection with options	121	1	0	0	5,739	0	0	0	0	5,740
Common stock issued in connection with acquisitions	3,082	30	0	0	134,601	0	0	0	0	134,631
Balance at December 31, 2008 (as reported)	47,345	$ 473	246	($ 150)	$ 803,703	$ 188,595	($ 39,170)	$ 29,280	$ 14,606	$ 997,337
Adoption of ASC 470-20	0	0	0	0	12,787	(2,007)	0	0	0	10,780
Balance at December 31, 2008 (as adjusted)	47,345	$ 473	246	($ 150)	$ 816,490	$ 186,588	($ 39,170)	$ 29,280	$ 14,606	$1,008,117
Net income for 2009	0	0	0	0	0	78,329	0	0	2,708	81,037
Foreign currency translation adjustment	0	0	0	0	0	0	122,164	11,036	(4,018)	129,182
Comprehensive income / (loss) for 2009	0	0	0	0	0	78,329	122,164	11,036	(1,310)	210,219
Common stock issued in public placement	17,935	179	0	0	486,967	0	0	0	0	487,146
Common stock issued in connection with options	63	1	0	0	4,634	0	0	0	0	4,635
Common stock issued in connection with acquisitions	4,069	41	0	0	81,156	0	0	0	0	81,197
Acquisition of Russian Alcohol Group	0	0	0	0	0	0	0	0	50,000	50,000
Purchase of Russian Alcohol Group shares from noncontrolling interest	0	0	0	0	(29,401)	0	0	0	(52,382)	(81,783)
Purchase of Whitehall Group shares from noncontrolling interest	0	0	0	0	(20,195)	0	0	0	0	(20,195)
Gross up on trademarks in Parliament	0	0	0	0	0	0	0	0	15,993	15,993
Purchase of Parliament Group shares from noncontrolling interest	0	0	0	0	(43,260)	0	0	0	(26,907)	(70,167)
Balance at December 31, 2009	69,412	$ 694	246	($ 150)	$1,296,391	$ 264,917	$ 82,994	$ 40,316	$ 0	$1,685,162
Net (loss) for 2010	0	0	0	0	0	(104,667)	0	0	0	(104,667)
Foreign currency translation adjustment	0	0	0	0	0	0	(22,770)	(40,316)	0	(63,086)
Comprehensive (loss) for 2010	0	0	0	0	0	(104,667)	(22,770)	(40,316)	0	(167,753)
Common stock issued in connection with options	263	3	0	0	5,915	0	0	0	0	5,918
Common stock issued in connection with acquisitions	1,078	11	0	0	41,333	0	0	0	0	41,344
Balance at December 31, 2010	70,753	$ 708	246	($ 150)	$1,343,639	$ 160,250	$ 60,224	$ 0	$ 0	$1,564,671

The accompanying notes are an integral part of the consolidated financial statements.

CENTRAL EUROPEAN DISTRIBUTION CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOW
Amounts in columns expressed in thousands

	Twelve months ended December 31,		
	2010	2009	2008
Cash flows from operating activities of continuing operations			
Net income / (loss)	($ 104,667)	$ 81,037	($ 14,918)
Adjustments to reconcile net income / (loss) to net cash provided by / (used in) operating activities:			
Net (income) / loss from discontinued operations	11,778	(8,360)	(22,034)
Depreciation and amortization	16,947	11,274	9,929
Deferred income taxes	(41,591)	(34,941)	(19,285)
Unrealized foreign exchange (gains) / losses	(2,911)	(38,760)	133,528
Cost of debt extinguishment	14,114	0	1,156
Stock options fair value expense	3,206	3,782	3,850
Dividends received	10,859	10,868	0
Hedge fair value revaluation	0	9,160	0
Equity (income)/loss in affiliates	(14,254)	5,583	(1,168)
Gain on fair value remeasurement of previously held equity interest	0	(32,727)	0
Impairment charge	131,849	20,309	0
Amortization of deferred charges	0	38,501	0
Other non cash items	21,970	(1,175)	2,025
Changes in operating assets and liabilities:			
Accounts receivable	(19,812)	(21,433)	(84,480)
Inventories	(5,828)	35,590	8,745
Prepayments and other current assets	518	27,906	13,864
Trade accounts payable	5,243	(92,552)	27,952
Other accrued liabilities and payables	(56,807)	75,690	38,506
Net cash provided by / (used in) operating activities from continuing operations	(29,386)	89,752	97,670
Cash flows from investing activities of continuing operations			
Investment in fixed assets	(6,194)	(16,080)	(19,652)
Proceeds from the disposal of fixed assets	0	3,874	2,325
Investment in trademarks	(6,000)	0	0
Changes in restricted cash	481,419	(481,419)	0
Purchase of financial assets	0	0	(103,500)
Disposal of subsidiaries	124,160	0	0
Acquisitions of subsidiaries, net of cash acquired	(135,964)	(573,504)	(548,799)
Net cash provided by / (used in) investing activities from continuing operations	457,421	(1,067,129)	(669,626)
Cash flows from financing activities of continuing operations			
Borrowings on bank loans and overdraft facility	63,853	5,810	94,845
Borrowings on long-term bank loans	0	0	35,617
Payment of bank loans, overdraft facility and other borrowings	(174,251)	(112,084)	(23,131)
Payment of long-term borrowings	(19,098)	(265,517)	0
Net borrowings of Senior Secured Notes	67,561	929,569	0
Payment of Senior Secured Notes	(367,954)	0	(26,996)
Repayment of obligation to former shareholders	0	(28,814)	0
Hedge closure	0	(14,417)	0
Decrease in short term capital leases payable	0	(535)	(772)
Increase in short term capital leases payable	976	0	1,216
Issuance of shares in public placement	0	490,974	233,845
Transactions with equity holders	7,500	(7,876)	0
Net borrowings on Convertible Senior Notes	0	0	304,403
Options exercised	3,550	854	1,899
Net cash provided by / (used in) financing activities from continuing operations	(417,863)	997,964	620,926
Cash flows from discontinued operations			
Net cash provided by / (used in) operating activities of discontinued operations	2,806	19,527	(655)
Net cash (used in) investing activities of discontinued operations	(330)	(2,596)	(2,920)
Net cash provided by / (used in) financing activities of discontinued operations	100	(11,656)	(8,032)
Net cash provided by/(used in) discontinued operations	2,576	5,275	(11,607)
Adjustment to reconcile the change in cash balances of discontinued operations	(2,576)	(5,275)	11,607
Currency effect on brought forward cash balances	(14,287)	21,213	(34,564)
Net increase / (decrease) in cash	(4,115)	41,800	14,406
Cash and cash equivalents at beginning of period	126,439	84,639	70,233
Cash and cash equivalents at end of period	$ 122,324	$ 126,439	$ 84,639
Supplemental Schedule of Non-cash Investing Activities			
Common stock issued in connection with investment in subsidiaries	$ 41,344	$ 81,197	$ 134,631
Supplemental disclosures of cash flow information			
Interest paid	$ 111,535	$ 68,865	$ 52,734
Income tax paid	$ 29,544	$ 16,270	$ 33,865

The accompanying notes are an integral part of the consolidated financial statements.

1. Organization and Significant Accounting Policies

Organization and Description of Business

Central European Distribution Corporation ("CEDC"), a Delaware corporation, and its subsidiaries (collectively referred to as "we," "us," "our," or the "Company") operate primarily in the alcohol beverage industry. The Company is Central Europe's largest integrated spirit beverages business. The Company is also the largest vodka producer by value and volume in Poland and Russia and produces the Absolwent, Zubrowka, Bols, Parliament, Green Mark, Soplica and Zhuravli brands, among others. In addition, it produces and distributes Royal Vodka, the number one selling vodka in Hungary. As well as sales and distribution of its own branded spirits, the Company is a leading exclusive importer of wines and spirits in Poland, Russia and Hungary. As disclosed further in the Notes, due to the sale of its distribution business completed on August 2, 2010 the Company has presented the distribution business in Poland as a discontinued operation in these restated financial statements for the year ended December 31, 2009.

Significant Accounting Policies

The significant accounting policies and practices followed by the Company are as follows:

Basis of Presentation

Our consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States. Our Company consolidates all entities that we control. All inter-company accounts and transactions have been eliminated in the consolidated financial statements.

CEDC's subsidiaries maintain their books of account and prepare their statutory financial statements in their respective local currencies.

The subsidiaries' financial statements have been adjusted to reflect accounting principles generally accepted in the United States of America (U.S. GAAP).

Effective January 1, 2010, the Company adopted required changes to consolidation guidance for variable interest entities that require an enterprise to perform an analysis to determine whether the enterprise's variable interest or interests give it a controlling financial interest in a variable interest entity. This analysis identifies the primary beneficiary of a variable interest entity as the enterprise that has (1) the power to direct the activities of a variable interest entity that most significantly impact the entity's economic performance and (2) the obligation to absorb losses of the entity that could potentially be significant to the variable interest entity, or the right to receive benefits from the entity that could potentially be significant to the variable interest entity. In addition, the required changes provide guidance on shared power and joint venture relationships, remove the scope exemption for qualified special purpose entities, revise the definition of a variable interest entity, and require additional disclosures. The adoption of this standard and its impact on Company's financial statements is discussed further in the Note 3.

Effective January 1, 2009, we also adopted the following pronouncements which require us to retrospectively restate previously disclosed consolidated financial statements. As such, certain prior period amounts have been reclassified in the consolidated financial statements to conform to the current period presentation.

- We adopted ASC Topic 470-20, *"Debt with Conversion and Other Options"* that is effective for our $310.0 million aggregate principal amount of 3.00% Convertible Senior Notes ("CSN") we define as "Convertible Senior Notes" in the Note 9 and requires retrospective application for all periods presented. The ASC Topic 470-20 requires the issuer of convertible debt instruments with cash settlement features to separately account for the liability ($290.3 million as of the date of the issuance of the CSNs) and equity components ($19.7 million as of the date of the issuance of the CSNs) of the

instrument. The debt component was recognized at the present value of its cash flows discounted using a 4.5% discount rate, our borrowing rate at the date of the issuance of the CSNs for a similar debt instrument without the conversion feature. The equity component, recorded as additional paid-in capital, was $12.8 million, which represents the difference between the proceeds from the issuance of the CSNs and the fair value of the liability, net of deferred taxes of $6.9 million as of the date of the issuance of the CSNs.

ASC Topic 470-20 also requires an accretion of the resultant debt discount over the expected life of the CSNs, which is March 7, 2008 to March 15, 2013. The consolidated statement of operations were retroactively modified compared to previously reported amounts as follows (in thousands, except per share amounts):

	Year ended December 31, 2008
Additional pre-tax non-cash interest expense	3,087
Additional deferred tax benefit	1,080
Retroactive change in net income and retained earnings	(2,006)
Change to basic earnings per share	($ 0.05)
Change to diluted earnings per share	($ 0.05)

For the year ended December 31, 2010 and December 31, 2009, the additional pre-tax non-cash interest expense recognized in the consolidated statement of operations was $4.1 million and $3.9 million, respectively. Accumulated amortization related to the debt discount was $11.1 million and $7.0 million as of December 31, 2010 and December 31, 2009, respectively. The annual pre-tax increase in non-cash interest expense on our consolidated statements of operations to be recognized until 2013, the maturity date of the CSNs, is as follows (in thousands):

	Pre-tax increase in non-cash interest expense
2011	4,282
2012	4,285

The Company has performed an evaluation of subsequent events through March 1, 2011, which is the date the financial statements were issued.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Foreign Currency Translation and Transactions

For all of the Company's subsidiaries the functional currency is the local currency. Assets and liabilities of these operations are translated at the exchange rate in effect at each year-end. The Statements of Operations are translated at the average rate of exchange prevailing during the respective year. Translation adjustments arising from the use of differing exchange rates from period to period are included as a component of stockholders' equity. Transaction adjustments arising from operations as well as gains and losses from any specific foreign currency transactions are included in the reported net income/(loss) for the period.

The accompanying consolidated financial statements have been presented in U.S. dollars.

Tangible Fixed Assets

Tangible fixed assets are stated at cost, less accumulated depreciation. Depreciation of tangible fixed assets is computed by the straight-line method over the following useful lives:

Type	Depreciation life in years
Transportation equipment including capital leases	5
Production equipment	10
Software	5
Computers and IT equipment	3
Beer dispensing and other equipment	2-10
Freehold land	Not depreciated
Freehold buildings	40

Leased equipment meeting appropriate criteria is capitalized and the present value of the related lease payments is recorded as a liability. Amortization of capitalized leased assets is computed on a straight-line method over the useful life of the relevant assets.

The Company expenses de minimis amounts for $1,500 per fixed asset addition as incurred.

The Company periodically reviews its investment in tangible fixed assets and when indicators of impairment exist, an impairment loss is recognized. No impairments in tangible assets have been recognized in the accompanying financial statements.

Goodwill

Following the adoption of ASC Topic 805 and ASC Topic 350, goodwill and certain intangible assets having indefinite lives are no longer subject to amortization. Their book values are tested annually for impairment, or more frequently, if facts and circumstances indicate the need. Fair value measurement techniques, such as the discounted cash flow methodology, are utilized to assess potential impairments. The testing of goodwill is performed at each reporting unit level. In the discounted cash flow method, the Company discounts forecasted performance plans to their present value. The discount rate utilized is the weighted average cost of capital for the reporting unit. US GAAP requires the impairment test to be performed in two stages. If the first stage does not indicate that the carrying values of the reporting units exceeds it's fair values, the second stage is not required. When the first stage indicates potential impairment, the company has to complete the second stage of the impairment test and compare the implied fair value of the reporting units' goodwill to the corresponding carrying value of goodwill.

Intangible assets other than Goodwill

Intangible assets consist primarily of acquired trademarks relating to well established brands, and as such have been deemed to have an indefinite life. In accordance with ASC Topic 350, intangible assets with an indefinite life are not amortized but are reviewed at least annually for impairment. Additional intangible assets include the valuation of customer contracts arising as a result of acquisitions, these intangible assets are amortized over their estimated useful life of 8 years.

Impairment of long lived assets

In accordance with ASC Topic 805 and ASC Topic 350, the Company reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted cash flows expected to be generated by the asset. If the carrying amount of

an asset exceeds its estimated future cash flows, an impairment charge is recognized for the amount by which the carrying amount of an asset exceeds its fair value.

In connection with the Bols, Polmos Bialystok, Parliament and Russian Alcohol acquisitions, the Company has acquired trademark rights to various brands, which were capitalized as part of the purchase price allocation process. As these brands are well established they have been assessed to have an indefinite life. These trademarks rights will not be amortized; however, management assesses them at least once a year for impairment.

As of December 31, 2010, we had approximately $1,450.2 million of goodwill and $627.3 million of intangible assets, net, on our balance sheet. Substantially all of our intangible assets comprise trademark rights to various brands, which were capitalized as part of the purchase price allocation process in connection with our acquisitions of Bols, Polmos Bialystok, Parliament and Russian Alcohol. As these brands are well established they have been assessed to have an indefinite life and, accordingly, are not amortized but rather assessed for impairment.

In order to establish the fair value of intangible assets with indefinite lives, the Company has performed tests of impairment of goodwill and indefinite lived intangible assets, which required the use of estimates. We calculated the fair market value of these assets using a discount cash flow approach and based our calculations as at December 31, 2010 on the following assumptions:

- Risk free rates for Poland, Russia and Hungary used for calculation of discount rate were based upon current market rates of long term Polish Government Bonds rates, long term Russian Government Bonds rates and long term Hungarian Government Bonds. When estimating discount rates to be used for the calculation we have taken into account current market conditions in Poland, Russia and Hungary separately. As a result of our assumptions and calculations, we have determined discount rates of 7.60%, 11.96% and 9.41% for Poland, Russia and Hungary, respectively. Factoring in a deviation of 10 basis points for the discount rate as compared to management's estimate, there would still be no need for an impairment charge against goodwill.
- We have tested goodwill for impairment separately for the following reporting units: Poland Vodka Production, Poland Import, Hungary Distribution, Russia Vodka Production (including Parliament and Russian Alcohol).
- We estimated the growth rates in projecting cash flows for each of our reporting group separately, based on a detailed five year plan related to each reporting unit.
- We estimated the terminal value growth rates for our indefinite lived intangible assets within the range from 1.0% to 2.5% and for goodwill from 1.5% to 2.5% individually for each of the reporting group. Factoring in a deviation of 10 basis points for the terminal value growth rate as compared to management's estimate, there would still be no need for an impairment charge against goodwill and further charge for the indefinite lived intangibles.

Based upon the above analysis performed and due to the continued lower performance of certain brands as compared to expectations in 2010, primarily *Absolwent* and *Bols*, the Company has determined that the fair market value of the trademarks related to these brands has deteriorated. We therefore recorded an impairment charge of $131.8 million during the fourth quarter of 2010 that included an impairment to the carrying values of our trademarks related predominately to the *Absolwent* and Bols brand in Poland.

Taking into account estimations supporting our calculations under current market trends and conditions we believe that no goodwill impairment charge is considered necessary through the date of the accompanying financial statements.

Equity investments

If the Company is not required to consolidate its investment in another company, the Company uses the equity method if the Company can exercise significant influence over the other company. Under the equity method, investments are carried at cost, plus or minus the Company's equity in the increases and decreases in the investee's net assets after the date of acquisition and certain other adjustments. The Company's share of the net income or loss of the investee is included in equity in earnings of equity method investees in the Company's Consolidated Statements of Operations.

Revenue Recognition

Revenues of the Company include sales of its own produced spirit brands, imported wine, beer and spirit brands as well as other third party alcoholic products purchased locally, the sale of each of these revenues streams are all processed and accounted for in the same manner. For all of its sources of revenue, the Company recognizes revenue when persuasive evidence of an arrangement exists, delivery of product has occurred, the sales price charged is fixed or determinable and collectability is reasonably assured. This generally means that revenue is recognized when title to the products are transferred to our customers. In particular, title usually transfers upon shipment to or receipt at our customers' locations, as determined by the specific sales terms of the transactions.

Sales are stated net of sales tax (VAT) and reflect reductions attributable to consideration given to customers in various customer incentive programs, including pricing discounts on single transactions, volume discounts, promotional listing fees and advertising allowances, cash discounts and rebates. Net sales revenue includes excise tax except in the case where the sales are made from the production unit or are related to imported goods, in which case it is recorded net of excise tax.

Revenue Dilution

As part of normal business terms with customers, the Company provides for additional discounts and rebates off our standard list price for all of the products we sell. These revenue reductions are documented in our contracts with our customers and are typically associated with annual or quarterly purchasing levels as well as payment terms. These rebates are divided into on-invoice and off-invoice discounts. The on-invoice reductions are presented on the sales invoice and deducted from the invoice gross sales value. The off-invoice reductions are calculated based on the analysis performed by management and are provided for in the same period the related sales are recorded. Discounts or fees that are subject to contractual based term arrangements are amortized over the term of the contract. For the years ended December 31, 2010, 2009 and 2008, the Company recognized $172.9 million, $112.8 million and $77.2 million of off invoice rebates as a reduction to net sales, respectively.

Certain sales contain customer acceptance provisions that grant a right of return on the basis of either subjective criteria or specified objective criteria. Where appropriate a provision is made for product return, based upon a combination of historical data as well as depletion information received from our larger clients. The Company's policy is to closely monitor inventory levels with our key distribution customers to ensure that we do not create excess stock levels in the market which would result in a return of sales in the future. Historically sales returns from customers has averaged less than 1% of our net sales revenue.

Shipping and Handling Costs

Where the Company has incurred costs in shipping goods to its warehouse facilities these costs are recorded as part of inventory and then to costs of goods sold. Shipping and handling costs associated with distribution are recorded in operating expenses. The dollar amounts of shipping and handling costs associated with distribution were $19.0 million, $45.5 million and $56.0 million for the fiscal years ended December 31, 2008, 2009, and 2010, respectively. The significant year to year increase is primarily due to the Company's acquisition of Russian Alcohol which we started consolidating since second quarter of 2009.

Accounts Receivable

Accounts receivables are recorded based on the invoice price, inclusive of VAT (sales tax), and where a delivery note has been signed by the customer and returned to the Company. The allowances for doubtful accounts are based upon the aging of the accounts receivable, whereby the Company makes an allowance based on a sliding scale. The Company typically does not provide for past due amounts due from large international retail chains (hypermarkets and supermarkets) as there have historically not been any issues with collectability of these amounts. However, where circumstances require, the Company will also make specific provisions for any

excess not provided for under the general provision. When an evidence is delivered to the Company regarding the non-recovery of a receivable, the Company then charges the unrecoverable amount to the accumulated allowance.

Inventories

Inventories are stated at the lower of cost (first-in, first-out method) or market value. Elements of cost include materials, labor and overhead and are classified as follows:

	December 31, 2010	December 31, 2009
Raw materials and supplies	$ 26,847	$ 31,220
In-process inventories	3,314	2,914
Finished goods and goods for resale	63,517	58,082
Total	**$ 93,678**	**$ 92,216**

Because of the nature of the products supplied by the Company, great attention is paid to inventory rotation. The number of days in inventory decreased from at approximately 97 days as of December 31, 2009 to approximately 90 days as of December 31, 2010. Where goods are estimated to be obsolete or unmarketable they are written down to a value reflecting the net realizable value in their relevant condition.

Cost includes customs duty (where applicable), and all costs associated with bringing the inventory to a condition for sale. These costs include importation, handling, storage and transportation costs, and exclude rebates received from suppliers, which are reflected as reductions to closing inventory. Inventories are comprised primarily of beer, wine, spirits, packaging materials and non-alcoholic beverages.

Cash and Cash Equivalents

Short-term investments which have a maturity of three months or less from the date of purchase are classified as cash equivalents.

Income Taxes and Deferred Taxes

The Company computes and records income taxes in accordance with the liability method. Deferred tax assets and liabilities are recorded based on the difference between the accounting and tax basis of the underlying assets and liabilities based on enacted tax rates expected to be in effect for the year in which the differences are expected to reverse.

Employee Retirement Provisions

The Company's employees are entitled to retirement payments and in some cases payments for long-service ("jubilee awards") and accordingly the Company provides for the current value of the liability related to these benefits. A provision is calculated based on the terms set in the collective labor agreement. The amount of the provision for retirement bonuses depends on the age of employees and the pre-retirement time of work for the Company and typically equals one month salary.

The Company does not create a specific fund designated for these payments and all payments related to the benefits are charged to the accrued liability. The provision for the employees' benefits is calculated annually using the projected unit method and any losses or gains resulting from the valuation are immediately recognized in the statement of operations.

The Company also contributes to State and privately managed defined contribution plans. Contributions to defined contribution plans are charged to the statement of operations in the period in which they are incurred.

Employee Stock-Based Compensation

The Company adopted ASC Topic 718 "Compensation—Stock Compensation" requiring the recognition of compensation expense in the Consolidated Statements of Operations related to the fair value of its employee share-based options.

The Company recognizes the cost of all employee stock options on a straight-line attribution basis over their respective vesting periods, net of estimated forfeitures. The Company has selected the modified prospective method of transition; accordingly, prior periods have not been restated.

ASC Topic 718 requires the recognition of compensation expense related to the fair value of employee share-based options. Determining the fair value of share-based awards at the grant date requires judgment, including estimating the expected term that stock options will be outstanding prior to exercise, the associated volatility and the expected dividends. Judgment is also required in estimating the amount of share-based awards expected to be forfeited prior to vesting. If actual forfeitures differ significantly from these estimates, share-based compensation expense could be materially impacted.

The Company's 2007 Stock Incentive Plan ("Incentive Plan") provides for the grant of stock options, stock appreciation rights, restricted stock and restricted stock units to directors, executives, and other employees ("employees") of the Company and to non-employee service providers of the Company. Following a shareholder resolution in April 2003 and the stock splits of May 2003, May 2004 and June 2006, the Incentive Plan authorizes, and the Company has reserved for future issuance, up to 1,397,333 shares of Common Stock (subject to an anti-dilution adjustment in the event of a stock split, re-capitalization, or similar transaction). The Compensation Committee of the Board of Directors of the Company administers the Incentive Plan.

The option exercise price for stock options granted under the Incentive Plan may not be less than fair value but in some cases may be in excess of the closing price of the Common Stock on the date of grant. The Company uses the stock option price based on the closing price of the Common Stock on the day before the date of grant if such price is not materially different than the opening price of the Common Stock on the day of the grant. Stock options may be exercised up to 10 years after the date of grant except as otherwise provided in the particular stock option agreement. Payment for the shares must be in cash, which must be received by the Company prior to any shares being issued. Stock options granted to directors and officers as part of an employee employment contract vest after 2 years. Stock options granted to general employees as part of a loyalty program vest after three years. The Incentive Plan was approved by CEDC shareholders during the annual shareholders meeting on April 30, 2007 to replace the Company's 1997 Stock Incentive Plan (the "Old Stock Incentive Plan"), which expired in November 2007. The Stock Incentive Plan will expire in November 2017. The terms and conditions of the Stock Incentive Plan are substantially similar to those of the Old Stock Incentive Plan.

Before January 1, 2006 CEDC, the holding company, realized net operating losses and therefore an excess tax benefit (windfall) resulting from the exercise of the awards and a related credit to Additional Paid-in Capital (APIC) of $2.2 million was not recorded in the Company's books. The excess tax benefits and the credit to APIC for the windfall should not be recorded until the deduction reduces income taxes payable on the basis that cash tax savings have not occurred. The Company will recognize the windfall upon realization.

Comprehensive Income/(Loss)

Comprehensive income/(loss) is defined as all changes in equity during a period except those resulting from investments by owners and distributions to owners. Comprehensive income/(loss) includes net income/(loss) adjusted by, among other items, foreign currency translation adjustments. The translation gains/(losses) on the translation from foreign currencies (primarily the Polish zloty and Russian ruble) to U.S. dollars are classified separately as a component of accumulated other comprehensive income included in stockholders' equity.

As of December 31, 2010, the Polish zloty and Russian ruble exchange rates used to translate the balance sheet weakened compared to the exchange rate as of December 31, 2009, and as a result a loss to comprehensive income was recognized.

Segment Reporting

The Company primarily operates in one industry segment, the production and sale of alcoholic beverages. As a result of the Company's expansion in 2008 and 2009 into new geographic areas, namely Russia, the Company has implemented a segmental approach to the business based upon geographic locations.

Net Income/(loss) per Common Share

Net income per common share is calculated in accordance with ASC Topic 260 "Earnings per Share." Basic earnings/(loss) per share (EPS) are computed by dividing income/(loss) available to common shareholders by the weighted-average number of common shares outstanding for the year. The stock options and warrants discussed in Note 13 were included in the computation of diluted earnings/(losses) per common share (Note 19).

Recently Issued Accounting Pronouncements

In July 2010, FASB issued guidance that provides for additional financial statement disclosure regarding financing receivables, including the credit quality and allowance for credit losses associated with such assets. This guidance is generally effective for interim and annual periods beginning after December 15, 2010, with certain disclosures effective for interim and annual periods ending on or after December 31, 2010. We will fully adopt this guidance in the 2011 first quarter, and we do not currently believe that the implementation will have any impact on our results of operations and financial condition.

The FASB issued new disclosure requirements that require the disaggregation of the Level 3 fair value measurement reconciliations into separate categories for significant purchases, sales, issuances, and settlements. We will fully adopt this guidance in the 2011 first quarter, and we do not currently believe that the implementation will have any impact on our results of operations and financial condition.

In December 2010, the FASB issued new guidance on performing goodwill impairment tests. The new guidance eliminates the option to exclude liabilities that are part of the capital structure of the reporting unit when calculating the carrying value of the reporting unit. We will fully adopt this guidance in the 2011 first quarter, and we are currently evaluating the impact of the implementation on our results of operations and financial condition.

2. Acquisitions

Acquisitions made prior to December 31, 2008 were accounted for in accordance with SFAS No. 141, "Business Combinations." Effective January 1, 2009, all business combinations are accounted for in accordance with FAS 141R that is codified as ASC Topic 805 "Business Combinations."

The Parliament Acquisition

On March 11, 2008, the Company and certain of its affiliates entered into a Share Sale and Purchase Agreement and certain other agreements with White Horse Intervest Limited, a British Virgin Islands Company, and certain of White Horse's affiliates, relating to the Company's acquisition from White Horse of 85% of the share capital of Copecresto Enterprises Limited, a Cypriot company, (which we refer to as Parliament). In connection with this acquisition, the Company paid a consideration of approximately $180 million in cash and 2.2 million shares of common stock.

On September 22, 2009, the Company and certain of its affiliates and Seller entered into (i) an amendment to the Original SPA (the "Amendment") and (ii) a Share Sale and Purchase Agreement (the "Minority Acquisition SPA"). Under the terms of the Amendment, certain post-closing obligations in the Original SPA regarding payment for certain assets were finalized in order to facilitate completion of the transactions contemplated by the Original SPA, in connection with the completion of the Company's acquisition of Copecresto pursuant to the Minority Acquisition SPA. In connection with the Amendment, the Company was required to pay to Seller the remaining consideration for such assets of approximately $16.7 million The Company paid $9.9 million of that amount on October 30, 2009 and the remaining amount was paid on December 16, 2009.

Under the terms of the Minority Acquisition SPA, upon the closing thereof on September 22, 2009, the Company, through an affiliate, acquired the remaining 15% of the share capital of Copecresto from Seller for total cash consideration of $70,167,734. In addition, on September 25, 2009, in connection with the closing of the Minority Acquisition SPA, the Shareholders Agreement, dated March 13, 2008, by and among the Company, a subsidiary of the Company, Seller and Copecresto was terminated. The Minority Acquisition SPA contains certain customary representations, warranties and covenants for a transaction of this type.

Under requirements of ASC Topic 810-10 "Consolidation" a change in ownership interests that does not result in change of control is considered an equity transaction. The identifiable net assets as of December 31, 2009 remain unchanged and any difference between the amount by which the NCI is adjusted, and the fair value of the consideration paid is recognized directly in equity and attributed to the controlling interest. Thus we have recorded the 15% increase in ownership interests of Copecresto as a transaction within equity. As a result of this transaction, NCI in Copecresto decreased by $26.9 million together with decrease in Additional Paid In Capital of $43.3 million, which was offset by cash outflow of $70.2 million.

The Whitehall Acquisition

ASU 2009-17 was effective for the Company from January 1, 2010. Due to the revision of ASC Topic 810, including the redefining of 'control', and because the day-to-day control over the business has been delegated to the CEO—Mark Kaufman and the list of activities for which the Company has overview is limited, the Company changed the accounting treatment for its 49% voting interest in Whitehall Group from consolidation to the equity method of accounting.

Adoption of the requirements of ASC Topic 810 resulted as of December 31, 2009 and December 31, 2008 in a net decrease in assets of $106 million and $93 million, liabilities of $85 million and $96 million and non-controlling interest of $23 million and $34 million, respectively. Please refer to Note 1 for the disclosure impact from the adoption of ASC Topic 810 on the consolidated financial statements of the Company as of December 31, 2009.

The Russian Alcohol Acquisition

On January 20, 2010, after the receipt of antimonopoly clearances for the acquisition from the Russian Federal Antimonopoly Commission, the Antimonopoly Committee of the Ukraine, the Company purchased the sole voting share of Lion/Rally Cayman 6 ("Cayman 6") from an affiliate of Lion Capital LLP ("Lion") and thereby acquired control of Russian Alcohol.

Starting from the second quarter of 2009, the Company began consolidating all profit and loss results for Russian Alcohol.

The fair value of the net assets acquired in connection with the 2009 Russian Alcohol Acquisition as of the acquisition date (April 24, 2009) is:

	Russian Alcohol Group as of April 24, 2009
ASSETS	
Cash and cash equivalents	154,276
Accounts receivable	147,196
Inventory	43,902
Deferred tax asset	35,184
Taxes	14
Other current assets	52,296
Equipment	105,238
Intangibles, including Trademarks	175,334
Investments	25
Total Assets	**$ 713,465**
LIABILITIES	
Trade payables	42,895
Short term borrowings	44,368
Deferred tax	36,694
Other short term liabilities	111,416
Long term borrowings	386,907
Long term accruals	50,000
Total Liabilities	**$ 672,280**
Net identifiable assets and liabilities	**41,185**
Goodwill on acquisition	**872,490**
Consideration paid, satisfied in cash	13,500
Consideration paid, satisfied in Notes	110,639
Fair value of previously held interest	292,289
Deferred consideration	447,247
Non-controlling interest	50,000
Cash (acquired)	**$ 154,276**
Net Cash Inflow	($140,776)

The goodwill arising out of Russian Alcohol acquisition is attributable to the expansion of our sales and distribution platform in Russia that it provides to the Company as well as expected synergies to be utilized from consolidation of our Russian operations.

The Company recorded a provision for contingent consideration at fair value for $50 million as of the acquisition date. This consideration was settled in the three month period ended September 30, 2009 through a payment by the Company of $65 million, which included an additional $15 million in earn-out payments.

Resulting from the acquisition of Russian Alcohol, the Company recognized a one-time gain on re-measurement of previously held equity interest in the six month period ended June 30, 2009. The fair value of this gain amounts to $225.6 million.

During the second quarter of 2009, Russian Alcohol made payments related to pre-acquisition tax penalties amounting to $28.8 million. These costs are to be reimbursed by the sellers and have been deducted from the loans payable to them.

The following table sets forth the unaudited pro forma results of operations of the Company for the year periods ended December 31, 2009 and 2008. The unaudited pro forma results of operations give effect to the Company's acquisitions as if they occurred on January 1, 2009 and 2008. The unaudited pro forma results of operations are presented after giving effect to certain adjustments for depreciation, amortization of deferred financing costs, interest expense on the acquisition financing, and related income tax effects. The unaudited pro forma results of operations are based upon currently available information and certain assumptions that the Company believes are reasonable under the circumstances. The unaudited pro forma results of operations do not purport to present what the Company's results of operations would actually have been if the aforementioned transactions had in fact occurred on such date or at the beginning of the period indicated, nor do they project the Company's financial position or results of operations at any future date or for any future period.

	Year ended December 31, 2009	Year ended December 31, 2008
Net sales	$ 770,204	$1,151,898
Net income	$ 47,063	$ 138,813
Net income per share data:		
Basic earnings per share of common stock	$ 0.88	$ 3.15
Diluted earnings per share of common stock	$ 0.87	$ 3.15

3. Impact of ASC Topic 810 on accounting for Whitehall group

In June 2009, the FASB issued new guidance on variable interest entities. ASU 2009-17, *Consolidations* (Topic 810) *Improvements to Financial Reporting by Enterprises Involved with Variable Interest Entities* ("VIE"), amended prior guidance requiring an enterprise to perform an analysis to determine whether the enterprise's variable interest or interests give it a controlling financial interest in a VIE. Determining who consolidates a VIE is based on two requirements: (i) who has the power over key decisions, and (ii) who has the obligation to absorb losses or the right to receive benefits of the VIE that could potentially be significant to the VIE. If one party has both, then that party consolidates the entity. Power is based on who controls the decisions that most significantly impact the economic activities of the entity.

Except for the amount of $7.6 million that was lent at market rates as working capital by the Company to the Whitehall Group, which was repaid in the first quarter of 2010, there were no transfers of financial assets to VIE as the Whitehall Group is generally a self financing entity. The Company does not have any continuing involvement with transferred financial assets that allow the transferors to receive cash flows or other benefits from the assets or requires the transferors to provide cash flows or other assets in relation to the transferred financial assets.

According to the Whitehall Group shareholder's agreement, Whitehall Group shall be under the sole effective control of its majority shareholder Mark Kaufman or one of his affiliates acting in the capacity of CEO. Mark Kaufman shall be responsible for the management and operations of Whitehall Group's business, his actions in certain areas are, however, dependent on the consent of the board of directors.

ASU 2009-17 was effective for the Company from January 1, 2010. Due to the revision of ASC Topic 810, including the redefining of 'control', and because the day-to-day control over the business has been delegated to the CEO—Mark Kaufman and the list of activities for which the Company has overview is limited, the Company changed the accounting treatment for its 49% voting interest in Whitehall Group from consolidation to the equity method of accounting.

Adoption of the requirements of ASC Topic 810 resulted as of December 31, 2009 in a net decrease in assets of $108 million, liabilities of $85 million and non-controlling interest of $23 million As of December 31, 2010 we continue to hold 50% minus one vote of the voting power and 80% of the total economic shares of

Whitehall. However, on February 7, 2011, the Company and Mark Kaufman entered into a definitive Share Sale and Purchase Agreement (the "SPA") and registration rights agreement (the "Registration Rights Agreement"), as to which the terms of each were agreed by the parties on November 29, 2010

Pursuant to the SPA, among other things and upon the terms and subject to the conditions contained therein, on February 7, 2011 (a) Polmos (i) received 1,500 Class B shares of Peulla Enterprises Limited, a private limited liability company organized under the laws of Cyprus and the parent of WHL Holdings Limited ("Peulla"), representing the remainder of the economic interests in Peulla not owned by Polmos and (ii) delivered to Seller and Kaufman an aggregate $68.5 million in cash in immediately available funds; and (b) the Company (i) received 3,751 Class A shares of Peulla, representing the remainder of the voting interests in Peulla not owned by the Company or Polmos and (ii) issued to Kaufman 959,245 shares of the Company's common stock, par value $0.01 per share (the "Share Consideration"). The issued shares had an aggregate value of $23.0 million based on the 30 day volume weighted average price of a share of our common stock on the day prior to the closing. In addition, if the aggregate value of such shares (based on the lower of the trading price of a share of our common stock or the 10 day volume weighted average price) is less than $23.0 million on the day prior to filing a registration statement for resale of the shares or the day shares are sold under Rule 144 of the Securities Act, the recipient of such shares is entitled to a payment in cash equal to such difference in value. Such amount is not yet determinable.

4. Discontinued operations

For the purpose of financial reporting we analyzed the requirements of US-GAAP (mainly ASC 360-10 PP&E and ASC 205-20 *Presentation of Financial Statements*) and concluded that as of March 31, 2010, the Company's distribution business met the required criteria defined in these standards and therefore it was necessary to present its distribution business, described below, as a component held for sale and as discontinued operations. There were no changes in that determination in the following periods until the sales transaction date of August 2, 2010.

On April 8, 2010, the Company, through its wholly owned subsidiary Carey Agri International Poland sp. z o.o. ("Carey Agri), entered into a Preliminary Agreement on Sale of Shares (the "Preliminary Agreement") with Eurocash S.A. ("Eurocash") pursuant to which (i) the Company agreed to sell all shares of Astor sp. z o.o., Dako-Galant Przedsiebiorstwo Handlowo Produkcyjne sp. z o.o., Damianex S.A., Delikates sp. z o.o., Miro sp. z o.o., MTC sp. z o.o., Multi-Ex S.A., Onufry S.A., Panta-Hurt sp. z o.o., Polskie Hurtownie Alkoholi sp. z o.o., Premium Distributors sp. z o.o., Przedsiebiorstwo Dystrybucji Alkoholi "Agis" S.A., Przedsiebiorstwo Handlu Spozywczego sp. z o.o. and Saol Dystrybucja sp. z o.o., representing 100% of the Company's distribution business in Poland to Eurocash and (ii) Eurocash agreed to pay total consideration of 400 million Polish zlotys ($137 million) in cash, on a debt free, cash free basis, subject to potential price adjustments (if any) and Polish anti-trust approval (the "Total Consideration").

On August 2, 2010 the Company has closed the sale of 100% of its distribution business and under the terms of the Preliminary Agreement, the Total Consideration was deposited into an escrow account to be released upon deletion of security by Eurocash; in any event, 75% of the Total Consideration would be released to the Company 90 days following the transaction closing date. The escrow was released on September 23, 2010.

In addition, On April 8, 2010, the Company also entered into a Distribution Agreement with Eurocash pursuant to which Eurocash will distribute the Company's portfolio of brands and exclusive import brands in Poland for a period of six years.

During the year ended December 31, 2010 the Company recorded an impairment charge related to goodwill upon the sale of the distribution business of 80.8 Polish zlotys ($28.2 million). The results of the distribution business are included in earnings from discontinued operations, net of taxes, for all periods presented.

As already mentioned above, on August 2, 2010 the Company has closed the sale of 100% of its distribution business in Poland to Eurocash SA for a purchase price of 378.6 million Polish zlotys in cash, on a debt free, cash free basis, after all price adjustments. As shown in the table below resulting from disposal the Company realized in the three month period ended September 30, 2010 a gain on sale amounting to $35.2 million being the difference between the value of the net assets of the disposed business decreased by costs associated directly to disposal and cash received by the Company.

Cash Received	**$ 124,160**
less:	
Assets of discontinued operations	173,168
Liabilities of discontinued operations	(119,921)
OCI related to discontinued operations	(19,549)
Goodwill of discontinued operations	52,306
Total net book value of discontinued operations	86,004
Expenses related directly to disposal of discontinued operations	2,991
Gain on disposal	**$ 35,165**

The Company will continue to generate cash flows from the distribution business after its sale to Eurocash as the Company has signed a six year agreement with Eurocash for the distribution of certain of CEDC's portfolio of its own brands and other exclusive import brands in Poland. Management has concluded, however, that sales of products other than CEDC's constituted the significant portion of the distribution business. CEDC estimates that sales of its products through the transferred distribution network will not exceed 10% of the sales of the Company, on a consolidated basis. Management does not consider the cash flows expected to be generated under the distribution agreement with Eurocash to be significant in the future. Results of discontinued operations were as follows:

	Year ended December 31,		
	2010	**2009**	**2008**
Net sales	$ 348,898	$633,394	$907,668
Earnings/(losses) from operations before taxes	(18,812)	9,410	27,203
Gain on disposal of discontinued operations	35,165	0	0
Taxes on earnings—operations	37	(1,050)	(5,169)
Goodwill Impairment	(28,168)	0	0
Earnings/(losses) from discontinued operations	($ 11,778)	$ 8,360	$ 22,034

The following table includes the consolidated assets and liabilities of the distribution business that have been segregated and classified as assets held for sale and liabilities related to assets held for sale, as appropriate, in the consolidated condensed balance sheets as at December 31, 2009.

	December 31, 2009
Cash	$ 14,253
Trade receivables	136,077
Inventories	104,391
Prepaid expenses and Other receivables	12,840
Total current assets	267,561
Plant and equipment, net	13,828
Goodwill	87,117
Intangible assets, net	833
Total noncurrent assets	101,778
Payables and accrued liabilities	178,902
Current portion long-term debt	15,859
Total current liabilities	194,761
Long-term debt	2,500
Other long term liabilities	320
Total noncurrent liabilities	2,820
Accumulated other comprehensive income	$ 40,316

5. Allowances for Doubtful Accounts

Changes in the allowance for doubtful accounts during each of the three years in the period ended December 31, were as follows:

	Year ended December 31,		
	2010	2009	2008
Balance, beginning of year	$10,066	$11,768	$16,077
Effect of FX movement on opening balance	1,770	454	(2,824)
Provision for bad debts—reported in statement of operations	8,521	5,194	(907)
Charge-offs, net of recoveries	0	(7,350)	(578)
Balance, end of year	**$20,357**	**$10,066**	**$11,768**

6. Property, plant and equipment

Property, plant and equipment, presented net of accumulated depreciation in the consolidated balance sheets, consists of:

	December 31,	
	2010	2009
Land and buildings	$112,660	$112,680
Equipment	$125,705	123,983
Motor vehicles	$ 16,496	15,886
Motor vehicles under lease	$ 2,915	1,886
Computer hardware and software	$ 15,428	17,761
Total gross book value	273,204	272,196
Less—Accumulated depreciation	(71,727)	(56,280)
Total	**$201,477**	**$215,916**

7. Goodwill

Goodwill, presented net of accumulated amortization in the consolidated balance sheets, consists of:

	December 31,		
	2010	2009	2008
Balance at January 1,	**$1,484,072**	**$ 502,441**	**$479,594**
Impact of foreign exchange	(33,799)	109,141	(85,063)
Acquisition through business combinations	0	872,490	107,910
Balance at December 31,	**$1,450,273**	**$1,484,072**	**$502,441**

In the fourth quarter of 2009 the Company adjusted the value of goodwill recognized on the acquisition of Russian Alcohol due to new information as noted below.

In April 2009, when CEDC restructured its buyout agreement for Russian Alcohol with Lion and the initial put/call structure was replaced with a series of option payments that transferred ownership ("Option Agreement") of Russian Alcohol to CEDC over time, the management incentive program was also revised between Lion and its managers. At the time Lion communicated to CEDC that the cost of this incentive payment would be approximately $20 million. Therefore in the revised option agreement it was agreed that Russian Alcohol would fund the payment of up to $20 million and any payment over this would be covered directly by Lion. At that point in time CEDC viewed the payment of $20 million payable over the period of the Option Agreement as fixed and viewed this part of the effective purchase price of Russian Alcohol. However full information on this was not available at the time of the original PPA in April 2009, therefore this expense was not allocated. Upon obtaining full clarity on this at year end, the Company believes it should have been originally allocated to goodwill and therefore the goodwill was increased for this amount less $4 million of deferred tax asset in the fourth quarter of 2009.

When CEDC revised the purchase structure of Russian Alcohol to accelerate the option payments and acquire the remaining amount on November 19, 2009, the payment of the Management Incentive program was also accelerated with the full amount of payment ($20 million) materializing in January 2010.

Moreover the Company decreased the goodwill for the amount of $6.6 in the fourth quarter of 2009. This relates to change of deferred tax liability resulting from an error in the initial goodwill calculation.

8. Intangible Assets other than Goodwill

The major components of intangible assets are:

	December 31, 2010	December 31, 2009
Non-amortizable intangible assets:		
Trademarks	$ 759,070	$ 795,543
Impairment	($ 131,849)	(22,589)
Total	**627,221**	**772,954**
Amortizable intangible assets:		
Customer relationships	815	847
Less accumulated amortization	(694)	(579)
Total	121	268
Total intangible assets	**$ 627,342**	**$ 773,222**

Management considers trademarks that are indefinite-lived assets to have high or market-leader brand recognition within their market segments based on the length of time they have existed, the comparatively high

volumes sold and their general market positions relative to other products in their respective market segments. These trademarks include Soplica, Zubrowka, Absolwent, Royal, Parliament, Green Mark, Zhuravli and the rights for Bols Vodka in Poland, Hungary and Russia. Taking the above into consideration, as well as the evidence provided by analyses of vodka products life cycles, market studies, competitive and environmental trends, management believes that these brands will generate cash flows for an indefinite period of time, and that the useful lives of these brands are indefinite. In accordance with ASC Topic 350-30, intangible assets with an indefinite life are not amortized but are reviewed at least annually for impairment.

The Company recognized impairment charges of $131.8 million for the twelve months ended December 31, 2010 related predominately to the Abwolent brand in Poland and an impairment charge $20.3 million for the twelve months ended December 31, 2009 related to the Bols brand in Poland.

Estimated aggregate future amortization expenses for intangible assets that have a definite life are as follows:

2011	$121
2012	0
2013	0
2014	0
2015 and above	0
Total	$121

9. Equity method investments in affiliates

We hold the following investments in unconsolidated affiliates:

		Carrying Value	
	Type of affiliate	**December 31, 2010**	**December 31, 2009**
Whitehall Group	Equity-Accounted Affiliate	$ 243,128	$ 244,504
	Total Carrying value	**$ 243,128**	**$ 244,504**

The Company has a 80% economic interest and an effective voting interests of 49% in Whitehall Group and a voting interest of 25% in the Moet Hennessy joint venture, which is included in Whitehall Group. On February 7, 2011 the acquisition of the remaining portion of the Whitehall Group not owned was completed, with the Whitehall Group continuing to own the 50% stake in the joint venture.

The Company received $10.9 million of dividends from Whitehall Group during the year ended December 31, 2010.

The summarized financial information of investments are shown in the below table with the balance sheet financial information reflecting the Whitehall Group and its joint venture with Moet Hennessy consolidated under the equity method as of December 31, 2010. The results from operations for the years ended December 31, 2009 include the results of Whitehall Group and its joint venture with Moet Hennessy together with the results of Russian Alcohol that was presented under the equity method until April 24, 2009.

	Total December 31, 2010	Total December 31, 2009
Current assets	$ 142,256	$ 129,737
Noncurrent assets	101,329	93,137
Current liabilities	101,966	86,067
Noncurrent liabilities	0	7,635

	Total Year ended December 31, 2010	Total Year ended December 31, 2009
Net sales	$ 185,807	$ 259,592
Gross margin	62,798	108,717
Operating profit	15,598	(17,450)
Income from continuing operations	17,818	(23,372)
Net income	17,818	(23,372)
Net income/(loss) attributable to CEDC	14,254	(5,583)

10. Accrued liabilities

The major components of accrued liabilities are:

	December 31,	
	2010	2009
Operating accruals	$45,213	$91,273
Accrued interest	9,857	162
Total	**$55,070**	**$91,435**

Operating accruals as of December 31, 2009 include the $20 million accrual for cash bonuses paid to certain members of the current and former management team of Russian Alcohol, which were due to be paid upon a change of control to CEDC and accrued interest of $12 million paid when the Senior Secured Notes due 2012 were repaid in January, 2010.

11. Borrowings

Bank Facilities

On December 17, 2010, the Company entered into a term and overdraft facilities Agreement (the "Credit Facility") with Bank Handlowy w Warszawie S.A., as Agent, Original Lender and Security Agent, and Bank Zachodni WBK S.A., as Original Lender. The Credit Facility provides for a credit limit of up to 330.0 million Polish zloty (or approximately $ 111.5 million) which may be disbursed as one term loan and two overdraft facilities to be used to (i) refinance existing credit facilities and (ii) finance general business purposes of the Borrowers. On December 20, 2010, the Company drew approximately 130.0 million Polish zloty (or approximately $43.9 million), and used the net proceeds to repay previous loan facilities with other lenders.

The term loan initially bore interest at a rate equal to a margin of 2.25% plus the Warsaw Interbank Rate plus the percentage per annum reflecting certain mandatory costs payable by the Lenders. The term loan matures

48 months after the date on which the advance is made. As of December 31, 2010, the Company had utilized approximately 130.0 million Polish zloty ($43.9 million) of the Term Loan. The overdraft facilities initially bore interest at a rate equal to a margin of 1.25% plus the Warsaw Interbank Rate plus the percentage per annum reflecting certain mandatory costs payable by the Lenders. The overdraft facilities mature 12 months after the date on which the term loan advance is made. As of December 31, 2010, the Company did not have any outstanding amounts under the overdraft facilities, and 200.0 million Polish zloty ($67.6 million) remained available under the overdraft facilities.

The Credit Facility contains certain customary affirmative and negative covenants that, among other things, limit or restrict our ability to merge, dissolve, liquidate or consolidate, make acquisitions and investments, dispose of or transfer assets, change the nature of our business or incur additional indebtedness, in each case, subject to certain qualifications and exceptions.

In addition, the Credit Facility contains certain financial covenants, which include, but are not limited to, a minimum ratio of EBITDA to fixed charges (the "Consolidated Coverage Ratio") of 2:1 and a maximum ratio of total debt less cash to EBITDA (the "Net Leverage Ratio") of (i) 5:1 for the Calculation Period (defined below) ending on December 31, 2010 and March 31, 2011, (ii) 4.5:1 for the Calculation Period ending on June 30, 2011, September 30, 2011, December 31, 2011 and March 31, 2012, (iii) 4:1 for the Calculation Period ending on June 30, 2012 and September 30, 2012, (iv) 3.5:1 for the Calculation Period ending on December 31, 2012 and March 31, 2013 and (v) 3:1 for each subsequent Calculation Period. The Consolidated Coverage Ratio and the Net Leverage Ratio are each calculated at the end of each period of twelve months immediately preceding the last day of each of our fiscal quarters (each a "Calculation Period").

As of December 31, 2010, primarily due to the factors that negatively affected our 2010 financial performance discussed above, including introductory costs associated with the launch of Biala, increased raw spirit prices due to the summer drought in Russia and Eastern Europe and our inability to obtain excise stamps in our primary production in Russia in the fourth quarter of 2010, our Consolidated Coverage Ratio was approximately 1.7 and our Net Leverage Ratio was approximately 6.4. We were therefore not in compliance with the Consolidated Coverage Ratio covenant and the Net Leverage Ratio covenant as of December 31, 2010.

On February 28, 2011 we entered into a letter agreement with Bank Handlowy w Warszawie S.A. and Bank Zachodni WBK S.A. (the "Letter Agreement") pursuant to which and subject to the terms and conditions contained therein, the parties agreed, among other things, to waive any breach of the Consolidated Coverage Ratio covenant and the Net Leverage Ratio covenant relating to the measurement period ending on December 31, 2010, and amended these ratios for purposes of the measurement period ending on March 31, 2011 to 1.28:1 and 8.35:1, respectively. As a result of the Letter Agreement, our failure to comply with the Consolidated Coverage Ratio covenant and the Net Leverage Ratio covenant as of December 31, 2010 did not result in a default under the Credit Facility. We continue to work with our lenders under the Credit Facility to seek a further amendment to these ratios for future measurement periods, and we and our lenders have agreed to cooperate in good faith to reach agreement on revised terms and conditions of the Credit Facility by June 30, 2011. Although we cannot provide any definitive assurances as to future compliance with these ratios, we currently expect to satisfy these ratios, as amended by the Letter Agreement, for the measurement period ending on March 31, 2011; however, absent a further amendment to the facility, we currently project that we would not satisfy either of the ratios as of the remaining measurement periods in 2011. In addition to any rights our lenders have under the Credit Facility, if we have not agreed revised terms with our lenders by June 30, 2011, the Letter Agreement provides that they will have the right at any time on or after July 29, 2011 to declare the facility due and payable.

In connection with the Letter Agreement, we have agreed to pay a one-time waiver fee of PLN 3.3 million (approximately US$1.15 million). In addition, we have agreed with our lenders that the amount available to us under the overdraft facilities included in the Credit Facility is reduced to PLN 120 million (approximately US$41.6 million) and the margins on our term loan and overdraft facilities will be increased (with effect from

March 1, 2011) to 4.25% and 3.25%, respectively, and the margin on letters of credit issued thereunder will be increased to 2.50%. The amount available to us under the overdraft facilities may be increased, and the margins may be decreased, at the sole discretion of the lenders after completion of a due diligence process. As of the date hereof, $7.3 million was outstanding under the overdraft facility.

If we fail to satisfy the Consolidated Coverage Ratio or the Net Leverage Ratio in any future measurement period thereunder, and such failure is not waived or cured, it could result in acceleration of the related debt and acceleration of debt under other instruments that include cross-acceleration or cross-default provisions including if the amount of indebtedness accelerated exceeds US$30.0 million, the indentures for our senior secured notes due 2016 and our convertible senior notes. We may seek alternative financing whether or not we reach a satisfactory agreement with our lenders in respect of the Credit Facility. Such financing may include equity and/or debt financing, which may be secured, and we may seek to repay all or a portion of the Credit Facility with proceeds of such financing or a combination of such proceeds and cash on hand. We have a right to prepay the term facility in whole or in part, at any time on 10 business days notice. We cannot assure you whether, or on what terms, such transactions may be available to us, and such availability and our view as to the advisability of engaging in any such transaction or combination of transactions will depend upon, among other things, market, economic, business and other conditions and expectations then existing.

Additionally as of December 31, 2010, full amount of $41.5 million remained available under overdraft facilities from Pekao S.A,and BRE Bank with maturity dates on April 30, 2011 and February 24, 2011 respectively.

As of December 31, 2010 Bols Hungary full amount of $0.5 million remained available under overdraft facilities from ING Bank.

Senior Secured Notes due 2012

In connection with the Bols and Polmos Bialystok acquisitions, on July 25, 2005 the Company completed the issuance of €325 million 8% Senior Secured Notes due 2012 (the "2012 Notes"), of which approximately €245 million remained payable as of December 31, 2009. On January 4, 2010, the final redemption for these 2012 Notes was completed and all funds were remitted to the note holders, discharging the Company of all remaining obligations.

As of December 31, 2009, the Company had accrued interest of $12.2 million related to the 2012 Notes, that was paid together with the principal amount and 4% premium on early repayment on January 4, 2010.

	December 31, 2010	December 31, 2009
Senior Secured Notes due 2012	$ 0	$ 365,989
Fair value bond mark to market	0	(301)
Unamortized portion of closed hedges	0	(2,000)
Total	**$ 0**	**$ 363,688**

Convertible Senior Notes

On March 7, 2008, the Company completed the issuance of $310 million aggregate principal amount of 3% Convertible Senior Notes due 2013 (the "Convertible Notes"). Interest is due semi-annually on the 15th of March and September, beginning on September 15, 2008. The Convertible Notes are convertible in certain circumstances into cash and, if applicable, shares of our common stock, based on an initial conversion rate of 14.7113 shares per $1,000 principal amount, subject to certain adjustments. Upon conversion of the notes, the Company will deliver cash up to the aggregate principal amount of the notes to be converted and, at the election of the Company, cash and/or shares of common stock in respect to the remainder, if any, of the conversion

obligation. The proceeds from the Convertible Notes were used to fund the cash portions of the acquisitions of Parliament and Whitehall.

As of December 31, 2010 the Company had accrued interest of $2.7 million related to the Convertible Senior Notes, with the next coupon due for payment on March 15, 2011.

	December 31, 2010	December 31, 2009
Convertible Senior Notes	$ 310,000	$ 312,711
Unamortized debt discount	(2,311)	(3,121)
Debt discount related to ASC 470-20	(8,567)	(12,665)
Total	**$ 299,122**	**$ 296,925**

Senior Secured Notes due 2016

On December 2, 2009, the Company issued $380 million 9.125% Senior Secured Notes due 2016 and €380 million 8.875% Senior Secured Notes due 2016 (the "2016 Notes") in an unregistered offering to institutional investors. The Company used a portion of the net proceeds from the 2016 Notes to redeem the Company's outstanding 2012 Notes, having an aggregate principal amount of €245,440,000 on January 4, 2010. The remainder of the net proceeds from the 2016 Notes was used to (i) purchase Lion Capital's remaining equity interest in Russian Alcohol by exercising the Lion Option and the Co-Investor Option, pursuant to the terms and conditions of the Lion Option Agreement and the Co-Investor Option Agreement, respectively (ii) repay all amounts outstanding under the Russian Alcohol credit facilities; and (iii) repay certain other indebtedness.

On December 9, 2010 the Company issued additional €50 million 8.875% Senior Secured Notes due 2016 (the "2016 Notes") in an unregistered offering to institutional investors. The Company used the net proceeds from the additional 2016 Notes to repay its term loans and overdraft facilities with Bank Handlowy w Warszawie S.A and Bank Zachodni WBK S.A.

As of December 31, 2010 the Company had accrued interest of $7.1 million related to the Senior Secured Notes due 2016, with the next coupon due for payment on June 1, 2011.

	December 31, 2010	December 31, 2009
Senior Secured Notes due 2016	$ 955,296	$ 934,410
Unamortized debt discount	(3,660)	(6,043)
Total	**$ 951,636**	**$ 928,367**

Total borrowings as disclosed in the financial statements are:

	December 31, 2010	December 31, 2009
Short term bank loans and overdraft facilities for working capital	$ 45,359	$ 60,000
Short term obligations under Senior Secured Notes	0	363,688
Short term bank loans for share tender	0	21,053
Total short term bank loans and utilized overdraft facilities	**45,359**	**444,741**
Long term bank loans for share tender	0	63,158
Long term obligations under Senior Secured Notes	951,636	928,367
Long term obligations under Convertible Senior Notes	299,122	296,925
Other total long term debt, less current maturities	0	42,885
Total debt	**$1,296,117**	**$1,776,076**

The full amount of the short term obligations under Senior Secured Notes were fully repaid on January 4, 2010 as part of the redemption noted above

	December 31, 2010
Principal repayments for the following years	
2011	$ 45,359
2012	0
2013	299,122
2014	0
2015 and beyond	951,636
Total	**$1,296,117**

12. Income and Deferred Taxes

The Company operates in several tax jurisdictions primarily: the United States of America, Poland, Hungary and Russia. All subsidiaries file their own corporate tax returns as well as account for their own deferred tax assets and liabilities. The Company does not file a tax return in United States based upon its consolidated income, but does file a return in the United States based on the statements of operations for transactions occurring in the United States of America.

The Company adopted the provisions of ASC 740-10-25 *"Income taxes."* ASC 740-10-25 prescribes a recognition threshold and a measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. Benefits from tax positions should be recognized in the financial statements only when it is more likely than not that the tax position will be sustained upon examination by the appropriate taxing authority that would have full knowledge of all relevant information. A tax position that meets the more-likely-than-not recognition threshold is measured at the largest amount of benefit that is greater than fifty percent likely of being realized upon ultimate settlement. Tax positions that previously failed to meet the more-likely-than-not recognition threshold should be recognized in the first subsequent financial reporting period in which that threshold is met. Previously recognized tax positions that no longer meet the more-likely-than-not recognition threshold should be derecognized in the first subsequent financial reporting period in which that threshold is no longer met. ASC 740-10-25 also provides guidance on the accounting for and disclosure of unrecognized tax benefits, interest and penalties.

The Company files income tax returns in the U.S., Poland, Hungary, Russia, as well as in various other countries throughout the world in which we conduct our business. The major tax jurisdictions and their earliest fiscal years that are currently open for tax examinations are 2005 in the U.S., 2005 in Poland and Hungary and 2007 in Russia.

	Year ended December 31,		
	2010	2009	2008
Tax at statutory rate	**($ 47,340)**	**$ 33,864**	**($12,858)**
Tax rate differences	18,279	(15,259)	6,751
Valuation allowance for net operating losses	(29,675)	(2,611)	4,590
Permanent differences	30,622	2,501	2,899
Income tax expense	**($ 28,114)**	**$ 18,495**	**$ 1,382**

Total income tax payments during 2010, 2009 and 2008 were $29,544 thousand, $16,270 thousand and $33,865 thousand respectively. CEDC has paid no U.S. income taxes and has net operating U.S. loss carry-forward totaling $37,169 thousand.

Significant components of the Company's deferred tax assets are as follows:

	December 31,		
	2010	2009	2008
Deferred tax assets			
Accrued expenses, deferred income and prepaid, net	$ 11,163	$ 15,693	$ 16,133
Allowance for doubtful accounts receivable	6,493	6,252	434
Russian Alcohol acquisition	66,797	42,769	0
Unrealized foreign exchange losses	8,510	13,386	18,945
Net operating loss carry-forward benefit, Expiring in 2010—2026—gross	70,596	45,910	18,595
NOL's valuation allowance	(35,778)	(4,380)	(6,991)
Net deferred tax asset	$ 127,781	$ 119,630	$ 47,116
Deferred tax liability			
Trademarks	110,832	140,592	106,485
Unrealized foreign exchange gains	535	12,266	3,585
Remeasurement of previously held equity interest in Russian Alcohol	47,354	49,182	0
Timing differences in finance type leases	349	0	7
Deferred income	276	563	526
ASC 470 impact	2,998	4,433	5,805
Other	8,980	1,036	882
Net deferred tax liability	$ 171,324	$ 208,072	$ 117,290
Total net deferred tax asset	127,781	119,630	47,116
Total net deferred tax liability	171,324	208,072	117,290
Total net deferred tax	(43,543)	(88,442)	(70,174)
Classified as			
Current deferred tax asset	80,956	82,609	23,426
Non-current deferred tax asset	44,028	27,123	12,885
Non-current deferred tax liability	(168,527)	(198,174)	(106,485)
Total net deferred tax	($ 43,543)	($ 88,442)	($ 70,174)

Tax losses can be carried forward for the following periods:

Hungary*	Unrestricted period
U.S.	20 years
Russia	10 years
Poland	5 years

* In some circumstances the Tax Office's permission to carry the loss forward is required.

Tax liabilities (including corporate income tax, Value Added Tax (VAT), social security and other taxes) of the Company's subsidiaries may be subject to examinations by the tax authorities for up to certain period from the end of the year the tax is payable, as follows:

Poland	5 years
Hungary	6 years
Russia	3 years

CEDC's U.S. federal income tax returns are also subject to examination by the U.S. tax authorities. As the application of tax laws and regulations, and transactions are susceptible to varying interpretations, amounts reported in the consolidated financial statements could be changed at a later date upon final determination by the tax authorities.

13. Stock Option Plans and Warrants

The Company recognizes the cost of all employee stock options on a straight-line attribution basis over their respective vesting periods, net of estimated forfeitures.

The Company's 2007 Stock Incentive Plan ("Incentive Plan") provides for the grant of stock options, stock appreciation rights, restricted stock and restricted stock units to directors, executives, and other employees ("employees") of the Company and to non-employee service providers of the Company. Following a shareholder resolution in April 2003 and the stock splits of May 2003, May 2004 and June 2006, the Incentive Plan authorizes, and the Company has reserved for future issuance, up to 1,397,333 shares of Common Stock (subject to an anti-dilution adjustment in the event of a stock split, re-capitalization, or similar transaction). The Compensation Committee of the Board of Directors of the Company administers the Incentive Plan.

The option exercise price for stock options granted under the Incentive Plan may not be less than fair market value but in some cases may be in excess of the closing price of the Common Stock on the date of grant. The Company uses the stock option price based on the closing price of the Common Stock on the day before the date of grant if such price is not materially different than the opening price of the Common Stock on the day of the grant. Stock options may be exercised up to 10 years after the date of grant except as otherwise provided in the particular stock option agreement. Payment for the shares must be in cash, which must be received by the Company prior to any shares being issued. Stock options granted to directors and officers as part of an employee employment contract vest after 2 years. Stock options granted to general employees as part of a loyalty program vest after three years. The Incentive Plan was approved by CEDC shareholders during the annual shareholders meeting on April 30, 2007 to replace the Company's 1997 Stock Incentive Plan (the "Old Stock Incentive Plan"), which expired in November 2007. The Stock Incentive Plan will expire in November 2017. The terms and conditions of the Stock Incentive Plan are substantially similar to those of the Old Stock Incentive Plan.

Before January 1, 2006 CEDC, the holding company, realized net operating losses and therefore an excess tax benefit (windfall) resulting from the exercise of the awards and a related credit to Additional Paid-in Capital (APIC) of $2.2 million was not recorded in the Company's books. The excess tax benefits and the credit to APIC for the windfall should not be recorded until the deduction reduces income taxes payable on the basis that cash tax savings have not occurred. The Company will recognize the windfall upon realization.

A summary of the Company's stock option and restricted stock units activity, and related information for the twelve month periods ended December 31, 2010, 2009 and 2008 is as follows:

Total Options	Number of Options	Weighted-Average Exercise Price
Outstanding at January 1, 2008	1,253,037	$ 22.02
Granted	234,375	$ 56.88
Exercised	(120,849)	$ 15.60
Forfeited	(16,312)	$ 21.83
Outstanding at December 31, 2008	1,350,252	$ 28.65
Exercisable at December 31, 2008	1,033,225	$ 22.19
Outstanding at January 1, 2009	1,350,252	$ 28.65
Granted	200,625	$ 19.94
Exercised	(59,827)	$ 14.27
Forfeited	(9,500)	$ 60.92
Outstanding at December 31, 2009	1,481,550	$ 27.85
Exercisable at December 31, 2009	1,051,550	$ 23.18
Outstanding at January 1, 2010	1,481,550	$ 27.85
Granted	82,000	$ 28.70
Exercised	(194,650)	$ 18.83
Forfeited	(68,500)	$ 31.39
Outstanding at December 31, 2010	1,300,400	$ 29.06
Exercisable at December 31, 2010	970,450	$ 30.78

Nonvested restricted stock units	Number of Restricted Stock Units	Weighted-Average Grant Date Fair Value
Nonvested at January 1, 2008	35,830	$ 34.73
Granted	38,129	$ 66.52
Vested	(600)	$ 34.51
Forfeited	(4,804)	$ 48.75
Nonvested at December 31, 2008	68,555	$ 51.42
Nonvested at January 1, 2009	68,555	$ 51.42
Granted	25,009	$ 24.89
Vested	(2,740)	$ 34.51
Forfeited	(11,750)	$ 45.00
Nonvested at December 31, 2009	79,074	$ 44.63
Nonvested at January 1, 2010	79,074	$ 44.63
Granted	49,752	$ 27.34
Vested	(22,100)	$ 34.66
Forfeited	(27,576)	$ 46.81
Nonvested at December 31, 2010	79,150	$ 35.82

Nonvested restricted stock	Number of Restricted Stock	Weighted-Average Grant Date Fair Value
Nonvested at January 1, 2010	0	$ 0.00
Granted	46,001	$ 29.84
Vested	0	$ 0.00
Forfeited	0	$ 0.00
Nonvested at December 31, 2010	46,001	$ 29.84

During 2010, the range of exercise prices for outstanding options was $1.13 to $60.92. During 2010, the weighted average remaining contractual life of options outstanding was 5.3 years. Exercise prices for options exercisable as of December 31, 2010 ranged from $1.13 to $60.92.

The Company has issued stock options to employees under stock based compensation plans. Stock options are issued at the current market price, subject to a vesting period, which varies from one to three years. As of December 31, 2010, the Company has not changed the terms of any outstanding awards.

During the year ended December 31, 2010, the Company recognized compensation cost of $3.2 million and a related deferred tax asset of $0.54 million.

As of December 31, 2010, there was $2.0 million of total unrecognized compensation cost related to non-vested stock options, restricted stock and restricted stock units granted under the Plan. The costs are expected to be recognized over a weighted average period of 24 months through 2011-2013.

Total cash received from exercise of options during the year ended December 31, 2010 amounted to $3.7 million.

For the year period ended December 31, 2010, the compensation expense related to all options was calculated based on the fair value of each option grant using the binomial distribution model. The Company has never paid cash dividends and does not currently have plans to pay cash dividends, and thus has assumed a 0% dividend yield. Expected volatilities are based on average of implied and historical volatility projected over the remaining term of the options. The expected life of stock options is estimated based on historical data on exercise of stock options, post-vesting forfeitures and other factors to estimate the expected term of the stock options granted. The risk-free interest rates are derived from the U.S. Treasury yield curve in effect on the date of grant for instruments with a remaining term similar to the expected life of the options. In addition, the Company applies an expected forfeiture rate when amortizing stock-based compensation expenses. The estimate of the forfeiture rates is based primarily upon historical experience of employee turnover. As individual grant awards become fully vested, stock-based compensation expense is adjusted to recognize actual forfeitures. The following weighted-average assumptions were used in the calculation of fair value:

	2010	2009
Fair Value	$12.57	$8.07
Dividend Yield	0%	0%
Expected Volatility	68.2%	47.3% - 80.4%
Weighted Average Volatility	68.2%	57.6%
Risk Free Interest Rate	3% - 5%	4% - 5%
Expected Life of Options from Grant	3.2	3.2

14. Commitments and Contingent Liabilities

The Company is involved in litigation from time to time and has claims against it in connection with matters arising in the ordinary course of business. In the opinion of management, the outcome of these proceedings will not have a material adverse effect on the Company's operations.

The Polmos Bialystok Acquisition

As part of the Share Purchase Agreement related to the October 2005 Polmos Bialystok Acquisition, the Company is required to ensure that Polmos Bialystok will make investments of at least 77.5 million Polish zloty during the six years after the acquisition was consummated. As of December 31, 2010, the Company had invested 75.8 million Polish zloty (approximately $25.6 million) in Polmos Bialystok.

The Whitehall Acquisition

On February 7, 2011, the Company and Mark Kaufman entered into a definitive Share Sale and Purchase Agreement and registration rights agreement as to which the terms of each were agreed by the parties on November 29, 2010

Pursuant to the SPA, among other things and upon the terms and subject to the conditions contained therein, on February 7, 2011 (a) Polmos (i) received 1,500 Class B shares of Peulla Enterprises Limited, a private limited liability company organized under the laws of Cyprus and the parent of WHL Holdings Limited ("Peulla"), representing the remainder of the economic interests in Peulla not owned by Polmos and (ii) delivered to Seller and Kaufman an aggregate $68.5 million in cash in immediately available funds; and (b) the Company (i) received 3,751 Class A shares of Peulla, representing the remainder of the voting interests in Peulla not owned by the Company or Polmos and (ii) issued to Kaufman 959,245 shares of the Company's common stock, par value $0.01 per share (the "Share Consideration"). The issued shares had an aggregate value of $23.0 million based on the 30 day volume weighted average price of a share of our common stock on the day prior to the closing. In addition, if the aggregate value of such shares (based on the lower of the trading price of a share of our common stock or the 10 day volume weighted average price) is less than $23.0 million on the day prior to filing a registration statement for resale of the shares or the day shares are sold under Rule 144 of the Securities Act, the recipient of such shares is entitled to a payment in cash equal to such difference in value. Such amount is not yet determinable. Pursuant to the Registration Rights Agreement, the Company agreed to prepare and file with the SEC an effective registration statement under the Securities Act of 1933, as amended (the "Securities Act") with respect to the Share Consideration (the "Registration Statement") as promptly as possible. The Company is required to use its reasonable best efforts to have the Registration Statement declared effective by the SEC as promptly as practicable and, in any event, no later than 30 days after the date of issuance.

Operating Leases and Rent Commitments

The Company makes rental payments for real estate, vehicles, office, computer, and manufacturing equipment under operating leases. The following is a schedule by years of the future rental payments under the non-cancelable operating lease as of December 31, 2010:

2011	$ 8,477
2012	8,990
2013	9,533
2014	10,112
2015	10,733
Thereafter	11,395
Total	**$59,240**

During the fourth quarter of 2010, the Company continued its policy of renewing its transportation fleet by way of capital leases. The future minimum lease payments for the assets under capital lease as of December 31, 2010 are as follows:

2011	$ 758
2012	1,175
2013	0
Gross payments due	**$1,933**
Less interest	(155)
Net payments due	**$1,778**

Supply contracts

The Company has various agreements covering its sources of supply, which, in some cases, may be terminated by either party on relatively short notice. Thus, there is a risk that a portion of the Company's supply of products could be curtailed at any time.

Licenses and permits

We are currently required to have various permits and licenses to produce and import products, maintain and operate our warehouses, and distribute our products to wholesalers. Some of these licenses in Russia are scheduled to expire in 2011. Many of these permits and licenses, such as our general permit for wholesale trade, must be renewed when they expire. A delay in renewal could have an effect on our business, however we are currently unable to estimate the impact of any potential delays on our financial statements, should such delays take place.

15. Stockholders' Equity

On April 22, 2010, in accordance with the terms of the Option Agreement dated November 19, 2009, the Company exercised its right to issue to Cayman 4 and Cayman 5, in settlement of consideration owed under the Lion Option Agreement, 799,330 shares and 278,745 shares, respectively, of the Company's common stock (the "Share Issuance"). The impact of the Share Issuance was to repay $45 million of the $50 million of deferred consideration recorded as a liability as of March 31, 2010.

16. Interest income / (expense), net

For the year ended December 31, 2010, and 2009 respectively, the following items are included in Interest income / (expense), net:

	Year ended December 31,		
	2010	2009	2008
Interest income	$ 4,450	$ 10,930	$ 9,848
Interest expense	(109,316)	(84,398)	(57,658)
Total interest (expense), net	($ 104,866)	($ 73,468)	($ 47,810)

17. Other non-operating income / (expense)

For the year ended December 31, 2010, 2009 and 2008, respectively, the following items are included in Other financial income / (expense):

	Year ended December 31,		
	2010	2009	2008
Early redemption call premium	($14,115)	$ 0	$ 0
Write-off of unamortized offering costs	(4,076)	0	0
Dividend received	7,642	0	0
Professional service expense related to the sale of the distribution	(2,000)	0	0
Other gains / (losses)	(1,023)	(934)	(488)
Total other non operating income / (expense), net	($13,572)	($ 934)	($ 488)

Total other non operating expenses increased by $12.7 million, from $0.9 million for the twelve months ended December 31, 2009 to $13.6 million for the twelve months ended December 31, 2010. This increase is mainly a result of the one-time charge of $14.1 million related to the early call premium when the Senior Secured Notes due 2012 were repaid early in January 2010. Further increase was due to the write-off of the unamortized offering costs related to the Senior Secured Notes due 2012 as well as the professional services expense incurred in connection with the sale of the distribution business in Poland which was offset with the dividend received. The table below summarizes the split of other non operating expenses.

18. Other financial income / (expense)

For the year ended December 31, 2010, 2009 and 2008, the following items are included in Other financial income / (expense):

	Year ended December 31,		
	2010	2009	2008
Foreign exchange impact related to foreign currency financing	$5,046	$ 23,659	($165,294)
Foreign exchange impact related to long term Notes receivable	0	17,400	34,328
Hedge closure	0	(2,979)	0
Early redemption costs connected with debt facility	0	(13,916)	0
Other gains / (losses)	1,727	1,029	7,165
Total other financial income / (expense), net	$6,773	$ 25,193	($123,801)

19. Earnings/(loss) per share

The following table sets forth the computation of basic and diluted earnings per share for the periods indicated.

	Twelve months ended December 31,		
	2010	2009	2008
Basic:			
Income / (loss) from continuing operations attributable to CEDC	($ 92,889)	$72,677	($36,952)
Income / (loss) on discontinued operations	(11,778)	8,360	22,034
Net income / (loss)	**($104,667)**	**$81,037**	**($14,918)**
Weighted average shares of common stock outstanding (used to calculate basic EPS)	70,058	53,772	44,088
Net effect of dilutive employee stock options based on the treasury stock method	216	208	657
Weighted average shares of common stock outstanding (used to calculate diluted EPS)	70,274	53,980	44,745
Net income / (loss) per common share—basic:			
Continuing operations	($ 1.32)	$ 1.35	($ 0.84)
Discontinued operations	($ 0.17)	$ 0.16	$ 0.50
	($ 1.49)	$ 1.51	($ 0.34)
Net income / (loss) per common share—diluted:			
Continuing operations	($ 1.32)	$ 1.35	($ 0.84)
Discontinued operations	($ 0.17)	$ 0.15	$ 0.49
	($ 1.49)	$ 1.50	($ 0.34)

As of December 31, 2008, the Company excluded 657 thousand shares from the above EPS from continuing operations calculation because they would have had antidilutive impact for the 2008 period presented.

Employee stock options grants have been included in the above calculations of diluted earnings per share since the exercise price is less than the average market price of the common stock during the twelve months periods ended December 31, 2010, 2009 and 2008. In addition there is no adjustment to fully diluted shares related to the Convertible Senior Notes as the average market price was below the conversion price for the period.

20. Fair value measurements

Financial Instruments and Their Fair Values

Financial instruments consist mainly of cash and cash equivalents, accounts receivable, accounts payable, bank loans, overdraft facilities and long-term debt. The monetary assets represented by these financial instruments are primarily located in Poland, Hungary and Russia. Consequently, they are subject to currency translation risk when reporting in U.S. Dollars.

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value:

- *Cash and cash equivalents, restricted cash, equity method investment in affiliates*—the carrying amount approximates fair value because of the short maturity of those instruments.

21. Operating segments

As a result of the Company's expansion into new geographic areas, namely Russia, the Company has changed its internal management financial reporting by implementing a segmental approach to the business based upon geographic locations. As such the Company operates in three primary segments: Poland, Russia and Hungary. The business segments reflect how the Company's operations are managed, how operating performance within the Company is evaluated by senior management and the structure of its internal financial reporting.

The Company evaluates performance based on operating income of the respective business units. The accounting policies of the segments are the same as those described for the Company in the Summary of Significant Accounting policies in Note 1 and include the recently issued accounting pronouncement described in Note 1. Transactions between segments consist primarily of sales of products and are accounted for at cost plus an applicable margin, and are eliminated on the consolidation.

The Company's areas of operations are principally in Poland, Russia and Hungary. Revenues are attributed to countries based on the location of the selling company.

	Segment Net Revenues Year ended December 31,		
	2010	2009	2008
Segment			
Poland	$220,411	$258,727	$397,961
Russia	460,605	394,102	129,799
Hungary	30,521	36,585	43,482
Total Net Sales	$711,537	$689,414	$571,242

	Operating Income Year ended December 31,		
	2010	2009	2008
Segment			
Poland before fair value adjustments	$ 33,550	$ 67,675	$ 95,178
Gain on remeasurement of previously held equity interests, net off amortized discount of deferred consideration	0	63,605	0
Contingent consideration true-up	0	(15,000)	0
Impairment charge	(131,849)	(20,309)	0
Poland after fair value adjustments	(98,299)	95,971	95,178
Russia	77,732	90,696	39,745
Hungary	5,442	6,149	7,641
Corporate Overhead			
General corporate overhead	(5,261)	(4,570)	(3,353)
Option Expense	(3,206)	(3,781)	(3,850)
Total Operating Income/(loss)	($ 23,592)	$184,465	$135,361

	Equity in the net income/(loss) of investees accounted for by the equity method Year ended December 31,		
	2010	2009	2008
Segment			
Poland	$ 0	$ 0	$ 0
Russia	14,254	(5,583)	1,168
Hungary	0	0	0
Total equity in the net income of investees accounted for by the equity method	$14,254	($ 5,583)	$ 1,168

	Depreciation/amortization and depletion expense Year ended December 31,		
	2010	2009	2008
Segment			
Poland	$2,123	$2,664	$3,399
Russia	5,467	3,442	1,401
Hungary	406	439	644
General corporate overhead	6	33	13
Total depreciation	$8,002	$6,578	$5,457

	Income tax Year ended December 31,		
	2010	2009	2008
Segment			
Poland	($47,954)	($ 630)	($ 6,539)
Russia	16,173	19,993	10,473
Hungary	785	329	1,328
General corporate overhead	2,882	(1,197)	(3,880)
Total income tax (benefit)/expense	($28,114)	$ 18,495	$ 1,382

	Identifiable Operating Assets	
	December 31, 2010	December 31, 2009
Segment		
Poland	$1,168,206	$1,348,131
Russia	2,189,694	2,269,098
Hungary	33,495	38,643
Corporate	4,787	389,319
Total Identifiable Assets	$3,396,182	$4,045,191

	Goodwill	
	December 31, 2010	December 31, 2009
Segment		
Poland	$ 387,448	$ 402,433
Russia	1,055,772	1,074,314
Hungary	7,053	7,325
Corporate	0	0
Total Goodwill	$1,450,273	$1,484,072

22. Subsequent Events

On February 4, 2011, pursuant to the agreement dated November 9, 2009 with Kylemore International Invest Corp. ("Kylemore"), an indirect minority stockholder of Russian Alcohol the Company paid amount of $5 million as a final settlement of Russian Alcohol acquisition.

On February 7, 2011, the Company and Mark Kaufman entered into a definitive Share Sale and Purchase Agreement (the "SPA") and registration rights agreement (the "Registration Rights Agreement"), as to which the terms of each were agreed by the parties on November 29, 2010.

Pursuant to the SPA, among other things and upon the terms and subject to the conditions contained therein, on February 7, 2011 (a) Polmos (i) received 1,500 Class B shares of Peulla Enterprises Limited, a private limited liability company organized under the laws of Cyprus and the parent of WHL Holdings Limited ("Peulla"), representing the remainder of the economic interests in Peulla not owned by Polmos and (ii) delivered to Seller and Kaufman an aggregate $68.5 million in cash in immediately available funds; and (b) the Company (i) received 3,751 Class A shares of Peulla, representing the remainder of the voting interests in Peulla not owned by the Company or Polmos and (ii) issued to Kaufman 959,245 shares of the Company's common stock, par value $0.01 per share (the "Share Consideration"). The issued shares had an aggregate value of $23.0 million based on the 30 day volume weighted average price of a share of our common stock on the day prior to the closing. In addition, if the aggregate value of such shares (based on the lower of the trading price of a share of our common stock or the 10 day volume weighted average price) is less than $23.0 million on the day prior to filing a registration statement for resale of the shares or the day shares are sold under Rule 144 of the Securities Act, the recipient of such shares is entitled to a payment in cash equal to such difference in value. Such amount is not yet determinable.

23. Quarterly financial information (Unaudited)

The Company's net sales, gross profit, operating income and net income for 2010 and 2009 have been allocated to quarters using the same proportion as our previously reported data. The table below demonstrates the movement and significance of seasonality in the statements of operations. For further information, please refer to Item 6. Selected Financial Data.

	First Quarter		Second Quarter		Third Quarter		Fourth Quarter	
	2010	2009	2010	2009	2010	2009	2010	2009
Net sales	$ 149,806	$ 70,772	$ 175,597	$175,891	$157,760	$187,543	$ 228,374	$ 255,208
Seasonality	21.1%	10.3%	24.7%	25.5%	22.2%	27.2%	32.1%	37.0%
Gross profit	74,132	32,892	88,478	91,345	77,312	95,514	87,944	129,181
Gross profit %	49.5%	46.5%	50.4%	51.9%	49.0%	50.9%	38.5%	50.6%
Operating income / (loss)	25,254	12,376	41,226	242,630	29,073	27,018	(119,145)	(97,559)
Operating income %	-107.0%	6.7%	-174.7%	131.5%	-123.2%	14.6%	505.0%	-52.9%
Income / (loss) on discontinued operations	(34,873)	3,276	(7,922)	2,322	31,017	1,775	0	986
Net income / (loss)	($ 23,364)	($87,773)	($ 77,996)	$215,976	$ 99,896	$ 47,193	($ 103,203)	($ 94,359)
Net income / (loss) from operations per share of common stock, basic	($ 0.34)	($ 1.83)	($ 1.11)	$ 4.39	$ 1.42	$ 0.86	($ 1.46)	($ 1.51)
Net income / (loss) from operations per share of common stock, diluted	($ 0.34)	($ 1.83)	($ 1.11)	$ 4.37	$ 1.41	$ 0.85	($ 1.46)	($ 1.51)

For the quarters where net loss was recognized, the "net income / (loss) from operations per share of common stock, diluted" was calculated without the net effect of dilutive employee stock option based on the treasury stock method, while it would have had antidilutive impact.

Seasonality is calculated as a percent of full year sales recognized in the relevant quarter.

24. Geographic Data

Net sales and long-lived assets, by geographic area, consisted of the following for the three years ended December 31, 2010, 2009 and 2008:

	Year ended December 31,		
(In thousands)	2010	2009	2008
Net Sales to External Customers (a):			
United States	$ 1,847	$ 1,257	$ 798
International			
Poland	208,849	242,625	374,070
Russia	414,414	388,193	129,417
Hungary	30,818	36,585	43,482
Other	55,609	20,754	23,475
Total international	709,690	688,157	570,444
Total	**$ 711,537**	**$ 689,414**	**$ 571,242**
Long-lived assets (b):			
United States	$ 17	$ 19	$ 51
International			
Poland	631,684	760,237	709,274
Russia	483,312	499,532	420,402
Hungary	962	977	1,288
Total international	1,115,958	1,260,746	1,130,964
Total consolidated long-lived assets	**$1,115,975**	**$1,260,765**	**$1,131,015**

(a) Net sales to external customers based on the location to which the sale was delivered.
(b) Long-lived assets primarily consist of property, plant and equipment and trademarks.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

None.

Item 9A. Control and Procedures.

Disclosure Controls and Procedures.

Disclosure controls and procedures (as defined in Rules 13a-15(e) and 15(d)-15(e) of the Securities Exchange Act of 1934) refer to the controls and other procedures of a company that are designed to ensure that information required to be disclosed by the Company in the reports that it files or submits under the Securities Exchange Act of 1934, is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Based upon the evaluation of the Company's disclosure controls and procedures as of the end of the period covered by this report, the Chief Executive Officer and Chief Financial Officer have concluded that the Company's disclosure controls and procedures were effective at the reasonable assurance level.

Management's Report on Internal Control over Financial Reporting.

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rule 13a-15(f) and Rule 15(d)-15(f) of the Securities Exchange Act of 1934). Management assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2010, using the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in "Internal Control—Integrated Framework."

Based on its assessment, management has concluded that the Company's internal control over financial reporting was effective as of December 31, 2010.

Inherent Limitations in Internal Control over Financial Reporting.

The Company's management, including the Chief Executive Officer and Chief Financial Officer, does not expect that the Company's disclosure controls and procedures or internal control over financial reporting will prevent all errors and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Because of the limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected. Further, the design of any control system is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Because of these inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected. Accordingly, the Company's disclosure controls and procedures are designed to provide reasonable assurance that the controls and procedures will meet their objectives.

Changes to Internal Control over Financial Reporting.

The Chief Executive Officer and the Chief Financial Officer conclude that, during the most recent fiscal quarter, there have been no changes in the Company's internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, the Company's internal controls over financial reporting.

PART III

Item 10. Directors and Executive Officers of the Registrant.

The information regarding our executive officers and directors required by this item is incorporated into this annual report by reference to our proxy statement for the annual meeting of stockholders to be held on May 19, 2011. We will file our proxy statement for our 2010 annual meeting of stockholders within 120 days of December 31, 2010, our fiscal year-end.

Item 11. Executive Compensation.

The information regarding executive compensation required by this item is incorporated into this annual report by reference to our proxy statement for the annual meeting of stockholders to be held on May 19, 2011. We will file our proxy statement for our 2010 annual meeting of stockholders within 120 days of December 31, 2010, our fiscal year-end.

Item 12. Security Ownership of Certain Beneficial Owners and Management.

The information regarding security ownership of certain beneficial owners and management is incorporated into this annual report by reference to our proxy statement for the annual meeting of stockholders to be held on May 19, 2011. We will file our proxy statement for our 2010 annual meeting of stockholders within 120 days of December 31, 2010, our fiscal year-end.

Item 13. Certain Relationships and Related Transactions.

The information regarding certain relationships and related transactions required by this item is incorporated into this annual report by reference to our proxy statement for the annual meeting of stockholders to be held on May 19, 2011. We will file our proxy statement for our 2010 annual meeting of stockholders within 120 days of December 31, 2010, our fiscal year-end.

Item 14. Principal Accountant Fees and Services.

The information regarding principal accountant fees and services required by this item is incorporated into this annual report by reference to the proxy statement for the annual meeting of stockholders to be held on May 19, 2011. We will file our proxy statement for our 2010 annual meeting of stockholders within 120 days of December 31, 2010, our fiscal year-end.

PART IV

Item 15. Exhibits, Financial Statement Schedules and Reports on Form 8-K.

(a)(1) The following consolidated financial statements of the Company and report of independent auditors are included in Item 8 of this Annual Report on Form 10-K.

Report of Independent Registered Public Accounting Firm

Consolidated Balance Sheets at December 31, 2009 and 2010

Consolidated Statements of Operations for the years ended December 31, 2008, 2009 and 2010

Consolidated Statements of Changes in Stockholders' Equity for the years ended December 31, 2008, 2009 and 2010

Consolidated Statements of Cash Flows for the years ended December 31, 2008, 2009 and 2010

Notes to Consolidated Financial Statements

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

CENTRAL EUROPEAN DISTRIBUTION CORPORATION
(Registrant)

By: /s/ WILLIAM V. CAREY
William V. Carey
Chairman, President and Chief Executive Officer

Date: March 1, 2011

POWER OF ATTORNEY

Each person whose individual signature appears below hereby authorizes and appoints William V. Carey and Chris Biedermann, and each of them, with full power of substitution and resubstitution and full power to act without the other, as his or her true and lawful attorney-in-fact and agent to act in his or her name, place and stead and to execute in the name and on behalf of each person, individually and in each capacity stated below, and to file, any and all amendments to this report, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing, ratifying and confirming all that said attorneys-in-fact and agents or any of them or their or his substitute or substitutes may lawfully do or cause to be done by virtue thereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ WILLIAM V. CAREY **William V. Carey**	Chairman, President and Chief Executive Officer (principal executive officer)	March 1, 2011
/s/ CHRISTOPHER BIEDERMANN **Christopher Biedermann**	Chief Financial Officer (principal financial and accounting officer)	March 1, 2011
/s/ DAVID BAILEY **David Bailey**	Director	March 1, 2011
/s/ N. SCOTT FINE **N. Scott Fine**	Director	March 1, 2011
/s/ MAREK FORYSIAK **Marek Forysiak**	Director	March 1, 2011
/s/ ROBERT P. KOCH **Robert P. Koch**	Director	March 1, 2011
/s/ WILLIAM SHANAHAN **William Shanahan**	Director	March 1, 2011
/s/ MARKUS SIEGER **Markus Sieger**	Director	March 1, 2011

(a)(3) The following exhibits are either provided with this Form 10-K or are incorporated herein by reference.

Exhibit Number	Exhibit Description
1.1	Underwriting Agreement, dated as of March 3, 2008, by and between Central European Distribution Corporation and J.P. Morgan Securities Inc. (filed as Exhibit 1.1 to the Current Report on Form 8-K filed with the SEC on March 7, 2008 and incorporated herein by reference).
1.2	Underwriting Agreement, dated as of June 25, 2008, by and between Central European Distribution Corporation and J.P. Morgan Securities Inc., as representative of the underwriters listed on Schedule 1 thereto (filed as Exhibit 1.1 to the Current Report on Form 8-K filed with the SEC on June 27, 2008 and incorporated herein by reference).
1.3	Underwriting Agreement, dated as of July 20, 2009, among Central European Distribution Corporation, Mark Kaoufman and Jefferies & Company, Inc. and UniCredit CAIB Securities UK Ltd., as representatives of the underwriters listed on Schedule 1 thereto (filed as Exhibit 1.1 to the Current Report on Form 8-K filed with the SEC on July 23, 2009 and incorporated herein by reference).
1.4	Underwriting Agreement, dated as of November 18, 2009, between Central European Distribution Corporation and Jefferies & Company, Inc. and UniCredit CAIB Securities UK Ltd., as representatives of the underwriters listed on Schedule 1 thereto (filed as Exhibit 1.1 to the Current Report on Form 8-K filed with the SEC on November 24, 2009 and incorporated herein by reference).
2.1†	Contribution Agreement among Central European Distribution Corporation, William V. Carey, William V. Carey Stock Trust, Estate of William O. Carey and Jeffrey Peterson dated November 28, 1997 (filed as Exhibit 2.1 to the Registration Statement on Form SB-2, File No. 333-42387, with the SEC on December 17, 1997 (the "1997 Registration Statement"), and incorporated herein by reference).
2.2	Share Sale Agreement, dated June 27, 2005, by and among Rémy Cointreau S.A., Botapol Management B.V., Takirra Investment Corporation N.B., Central European Distribution Corporation and Carey Agri International Poland Sp. z o.o. (filed as Exhibit 2.1 to the Current Report on Form 8-K filed with the SEC on July 1, 2005 and incorporated herein by reference).
2.3†	Share Purchase Agreement, dated July 11, 2005, by and among the State Treasury of the Republic of Poland, Carey Agri International-Poland Sp. z o.o. and Central European Distribution Corporation (filed as Exhibit 2.1 to the Current Report on Form 8-K filed with the SEC on July 15, 2005 and incorporated herein by reference).
2.4†	Conditional Share Sale Agreement for Imperial Sp. z o.o. dated August 16, 2005 by and among Carey Agri International Poland Sp. z o.o., Central European Distribution Corporation, and Tadeusz Walkuski (filed as Exhibit 2.11 to the Quarterly Report on Form 10-Q filed with the SEC on November 9, 2005 and incorporated herein by reference).
2.5	Share Sale and Purchase Agreement, dated March 11, 2008, by and among White Horse Intervest Limited, William V. Carey, Central European Distribution Corporation, and Bols Sp. z o.o. (filed as Exhibit 2.1 to the Current Report on Form 8-K filed with the SEC on March 17, 2008 and incorporated herein by reference).
2.6†	Share Sale and Purchase Agreement, dated May 23, 2008, by and among Barclays Wealth Trustees (Jersey) Limited (in its capacity as trustee of The First National Trust), WHL Holdings Limited, Polmos Bialystok S.A. and Central European Distribution Corporation (filed as Exhibit 2.1 to the Current Report on Form 8-K filed with the SEC on May 30, 2008 and incorporated herein by reference).

Exhibit Number	Exhibit Description
2.7	Amendment No. 5 to Share Sale and Purchase Agreement, dated February 24, 2009, by and among Barclays Wealth Trustees (Jersey) Limited (in its capacity as trustee of The First National Trust), WHL Holdings Limited, Polmos Bialystok S.A. and Central European Distribution Corporation (filed as Exhibit 2.1 to the Current Report on Form 8-K filed with the SEC on March 2, 2009, and incorporated herein by reference).
2.8	Amendment to Share Sale and Purchase Agreement, dated September 22, 2009, by and among White Horse Intervest, Limited, William V. Carey, Central European Distribution Corporation and Bols Sp. z o.o (filed as Exhibit 2.1 to the Periodic Report on Form 8-K filed with the SEC on September 28, 2009 and incorporated herein by reference).
2.9	Share Sale and Purchase Agreement, dated September 22, 2009, by and among Bols Sp. z o.o and White Horse Intervest Limited (filed as Exhibit 2.2 to the Periodic Report on Form 8-K filed with the SEC on September 28, 2009 and incorporated herein by reference).
2.10†	Amended and Restated Investment Commitment Letter, dated June 18, 2008, by and among Central European Distribution Corporation, Lion Capital LLP acting for and on behalf of each of Lion Capital Fund I L.P., Lion Capital Fund I A L.P., Lion Capital Fund I B L.P., Lion Capital Fund I C L.P., Lion Capital Fund I SBS L.P.; and Lion Capital (Guernsey) Limited c/o Aztec Financial Services filed as Exhibit 2.21 to the Annual Report on Form 10-K/A filed with the SEC on March 1, 2011 and incorporated herein by reference).
2.11†	Note Purchase and Share Sale Agreement, dated April 24, 2009, between Central European Distribution Corporation, Carey Agri International—Poland Sp. z o.o., Lion/Rally Cayman 2 and Lion/Rally Cayman 5 (filed as Exhibit 2.22 to the Annual Report on Form 10-K/A filed with the SEC on March 1, 2011 and incorporated herein by reference).
2.12†	Lion Option Agreement, dated November 19, 2009, by and among Central European Distribution Corporation, Carey Agri International—Poland Sp. z o.o., Lion Capital, Lion/Rally Cayman 4, Lion/Rally Cayman 5, Lion/Rally Cayman 6 and Lion Rally Cayman 7 L.P (filed as Exhibit 2.23 to the Annual Report on Form 10-K/A filed with the SEC on March 1, 2011 and incorporated herein by reference).
2.13†	Preliminary Agreement on Sale of Shares, dated as of April 8, 2010, by and between Eurocash S.A. and Carey Agri International Poland Sp. z o.o. (filed as Exhibit 2.1 to the Periodic Report on Form 8-K filed with the SEC on April 14, 2010 and incorporated herein by reference).
2.14*†	Share Sale and Purchase Agreement, dated February 7, 2011, by and among Central European Distribution Corporation, Polmos Bialystok S.A., Barclays Wealth Trustees (Jersey) Limited, as trustee of the First National Trust and Mark Kaufman.
3.1	Amended and Restated Certificate of Incorporation (filed as Exhibit 3.1 to the Periodic Report on Form 8-K filed with the SEC on April 30, 2010 and incorporated herein by reference).
3.2	Amended and Restated Bylaws (filed as Exhibit 99.3 to the Periodic Report on Form 8-K filed with the SEC on May 3, 2006, and incorporated herein by reference). Exhibit Number Exhibit Description
4.1	Form of Common Stock Certificate (filed as Exhibit 4.1 to the 1997 Registration Statement and incorporated herein by reference).
4.2	Base Indenture, dated as of March 7, 2008, by and between Central European Distribution Corporation, as Issuer and The Bank of New York Trust Company, N.A., as Trustee (filed as Exhibit 4.6 to the Annual Report on Form 10-K filed with the SEC on March 2, 2009 and incorporated herein by reference).

Exhibit Number	Exhibit Description
4.3	Supplemental Indenture, dated as of March 7, 2008, by and between Central European Distribution Corporation, as Issuer and The Bank of New York Trust Company, N.A., as Trustee (filed as Exhibit 4.1 to the Current Report on Form 8-K filed with the SEC on March 7, 2008 and incorporated herein by reference).
4.4	Registration Rights Agreement, dated March 13, 2008, by and between Central European Distribution Corporation and Direct Financing Limited (filed as Exhibit 4.1 to the Current Report on Form 8-K filed with the SEC on March 17, 2008 and incorporated herein by reference).
4.5	Registration Rights Agreement, dated October 21, 2008 by and between Central European Distribution Corporation and Barclays Wealth Trustees (Jersey) Limited (as Trustee of the First National Trust) (filed as Exhibit 4.9 to the Annual Report on Form 10-K filed with the SEC on March 2, 2009 and incorporated herein by reference).
4.6	Registration Rights Agreement, dated May 7, 2009, between Central European Distribution Corporation, Lion/Rally Cayman 4 and Lion/Rally Cayman 5 (filed as Exhibit 4.1 to the to the Quarterly Report on Form 10-Q filed with the SEC on August 10, 2009, and incorporated herein by reference).
4.7	Warrant to purchase shares of common stock, dated June 30, 2009, issued by Central European Distribution Corporation to Lion/Rally Cayman 4 (filed as Exhibit 4.2 to the to the Quarterly Report on Form 10-Q filed with the SEC on August 10, 2009, and incorporated herein by reference).
4.8	Warrant to purchase shares of common stock, dated June 30, 2009, issued by Central European Distribution Corporation to Lion/Rally Cayman 5 (filed as Exhibit 4.3 to the to the Quarterly Report on Form 10-Q filed with the SEC on August 10, 2009, and incorporated herein by reference).
4.9	Warrant to purchase shares of common stock, dated June 30, 2009, issued by Central European Distribution Corporation to Lion/Rally Cayman 4 (filed as Exhibit 4.4 to the to the Quarterly Report on Form 10-Q filed with the SEC on August 10, 2009, and incorporated herein by reference).
4.10	Warrant to purchase shares of common stock, dated June 30, 2009, issued by Central European Distribution Corporation to Lion/Rally Cayman 5 (filed as Exhibit 4.5 to the to the Quarterly Report on Form 10-Q filed with the SEC on August 10, 2009, and incorporated herein by reference).
	Warrant to purchase shares of common stock, dated June 30, 2009, issued by Central European Distribution Corporation to Lion/Rally Cayman 4 (filed as Exhibit 4.6 to the to the Quarterly Report on Form 10-Q filed with the SEC on August 10, 2009, and incorporated herein by reference).
4.11	Warrant to purchase shares of common stock, dated June 30, 2009, issued by Central European Distribution Corporation to Lion/Rally Cayman 5 (filed as Exhibit 4.7 to the to the Quarterly Report on Form 10-Q filed with the SEC on August 10, 2009, and incorporated herein by reference).
4.12	Agreement, dated October 30, 2009, between Central European Distribution Corporation, Lion/Rally Cayman 4 and Lion/Rally Cayman 5 (filed as Exhibit 4.1 to the Current Report on Form 8-K filed with the SEC on November 5, 2009 and incorporated herein by reference).
4.13	Warrant to purchase shares of common stock, dated October 2, 2009, issued by Central European Distribution Corporation to Lion/Rally Cayman 4 (filed as Exhibit 4.2 to the to the Quarterly Report on Form 10-Q filed with the SEC on November 11, 2009, and incorporated herein by reference).

Exhibit Number	Exhibit Description
4.14	Warrant to purchase shares of common stock, dated October 2, 2009, issued by Central European Distribution Corporation to Lion/Rally Cayman 5 (filed as Exhibit 4.3 to the to the Quarterly Report on Form 10-Q filed with the SEC on November 11, 2009, and incorporated herein by reference).
4.15	Warrant to purchase shares of common stock, dated October 2, 2009, issued by Central European Distribution Corporation to Lion/Rally Cayman 4 (filed as Exhibit 4.4 to the to the Quarterly Report on Form 10-Q filed with the SEC on November 11, 2009, and incorporated herein by reference).
4.16	Warrant to purchase shares of common stock, dated October 2, 2009, issued by Central European Distribution Corporation to Lion/Rally Cayman 5 (filed as Exhibit 4.5 to the to the Quarterly Report on Form 10-Q filed with the SEC on November 11, 2009, and incorporated herein by reference).
4.17	Warrant to purchase shares of common stock, dated October 2, 2009, issued by Central European Distribution Corporation to Lion/Rally Cayman 4 (filed as Exhibit 4.6 to the to the Quarterly Report on Form 10-Q filed with the SEC on November 11, 2009, and incorporated herein by reference).
4.18	Warrant to purchase shares of common stock, dated October 2, 2009, issued by Central European Distribution Corporation to Lion/Rally Cayman 5 (filed as Exhibit 4.7 to the to the Quarterly Report on Form 10-Q filed with the SEC on November 11, 2009, and incorporated herein by reference).
4.19	Indenture, dated as of December 2, 2009, by and between Central European Distribution Corporation, CEDC Finance Corporation International, Inc., as Issuer and Deutsche Trustee Company Limited, as Trustee (including the respective forms of the $380,000,000 9.125% Senior Secured Note and the €380,000,000 8.875% Senior Secured Note, each due December 1, 2016) (filed as Exhibit 4.1 to the Current Report on Form 8-K filed with the SEC on December 3, 2009 and incorporated herein by reference).
4.20	Form of Registration Rights Agreement, by and among Central European Distribution Corporation, Lion/Rally Cayman 4 and Lion/Rally Cayman 5 (filed as Exhibit.4.25 to the Annual Report on Form 10-K/A filed with the SEC on March 1, 2011, and incorporated herein by reference).
4.21	First Supplemental Indenture, dated December 29, 2009, by and among Bravo Premium LLC, JSC Distillery Topaz, JSC "Russian Alcohol Group," Latchey Limited, Limited Liability Company "The Trading House Russian Alcohol," Lion/Rally Cayman 6, Lion/Rally Lux 1 S.A., Lion/Rally Lux 2 S.à r.l., Lion/Rally Lux 3 S.à r.l., Mid-Russian Distilleries, OOO First Tula Distillery, OOO Glavspirttirest, Pasalba Limited, Premium Distributors sp. z o.o., Sibirsky LVZ, as Additional Guarantors, CEDC Finance Corporation International, Inc., as Issuer, the entities listed on Schedule I thereto, as the existing Guarantors, Deutsche Trustee Company Limited, as Trustee, Deutsche Bank AG, London Branch, as Polish Security Agent and TMF Trustee Limited, as Security Agent (filed as Exhibit.4.26 to the Annual Report on Form 10-K/A filed with the SEC on March 1, 2011, and incorporated herein by reference).
4.22*	Second Supplemental Indenture, dated December 8, 2010, by and among CEDC Finance Corporation International, Inc., as Issuer, Central European Distribution Corporation and the entities listed on Schedule I thereto, as Guarantors, Deutsche Trustee Company Limited, as Trustee, Deutsche Bank AG, London Branch, as Polish Security Agent and TMF Trustee Limited, as Security Agent.
4.23*	Registration Rights Agreement, dated February 7, 2011, between Central European Distribution Corporation and Mark Kaufman.
10.1	2007 Stock Incentive Plan (filed as Exhibit A to the definitive Proxy Statement as filed with the SEC on March 27, 2007, and incorporated herein by reference).

Exhibit Number	Exhibit Description
10.2	Form of Stock Option Agreement with Directors under 2007 Stock Incentive Plan (filed as Exhibit 10.2 to the Annual Report on Form 10-K filed with the SEC on February 29, 2008, and incorporated herein by reference).
10.3	Form of Stock Option Agreement with Officers under 2007 Stock Incentive Plan (filed as Exhibit 10.3 to the Annual Report on Form 10-K filed with the SEC on February 29, 2008, and incorporated herein by reference).
10.4	Lease Agreement for warehouse at Bokserska Street 66a, Warsaw, Poland (filed as Exhibit 10.15 to the Current Report on Form 8-K filed with the SEC on April 16, 2001, and incorporated herein by reference).
10.5	Annex 2 to Lease Agreement dated February 19, 2003, for the warehouse located at Bokserska Street 66a, Warsaw, Poland (filed as Exhibit 10.11 to the Annual Report on Form 10-K filed with the SEC on March 15, 2004, and incorporated herein by reference).
10.6	Social guarantee package for the employees of Polmos Bialystok S.A. (filed as exhibit 10.1 to the Quarterly Report on Form 10-Q filed with the SEC on August 8, 2005 and incorporated herein by reference).
10.7	Trade Mark License, dated August 17, 2005, by and among Distilleerderijen Erven Lucas Bols B.V., Central European Distribution Corporation and Carey Agri International Poland Sp. z o.o. (filed as Exhibit 10.2 to the Current Report on Form 8-K filed with the SEC on August 23, 2005 and incorporated herein by reference).
10.8	Deed of Tax Covenant, dated August 17, 2005, by and among Botapol Management B.V., Takirra Investment Corporation N.V., Rémy Cointreau S.A., Carey Agri International Poland Sp. z o.o. and Central European Distribution Corporation (filed as Exhibit 10.3 to the Current Report on Form 8-K filed with the SEC on August 23, 2005 and incorporated herein by reference).
10.9	Facility Agreement, dated December 21, 2007, among Fortis Bank Polska S.A., Fortis Bank S.A./NV, Austrian Branch, and Bank Polska Kasa Opieki S.A. and Carey Agri International-Poland Sp. z o.o. (filed as Exhibit 10.31 to the Annual Report on Form 10-K filed with the SEC on February 29, 2008, and incorporated herein by reference).
10.10	Corporate Guarantee Agreement, dated December 21, 2007, between Fortis Bank Polska S.A., Fortis Bank S.A./NV, Austrian Branch, Bank Polska Kasa Opieki S.A. and Central European Distribution Corporation (filed as Exhibit 10.32 to the Annual Report on Form 10-K filed with the SEC on February 29, 2008, and incorporated herein by reference).
10.11	Shareholders Agreement, dated March 13, 2008, among White Horse Intervest Limited, Bols Sp. z o.o., Central European Distribution Corporation and Copecresto Enterprises Limited (filed as Exhibit 10.51 to the Annual Report on Form 10-K/A filed with the SEC on March 1, 2011 and incorporated herein by reference).
10.12	Letter Agreement, dated May 22, 2008, between Central European Distribution Corporation and Pasalba Limited (filed as Exhibit 10.2 to the Current Report on Form 8-K filed with the SEC on May 29, 2008 and incorporated herein by reference).
10.13	Shareholders' Agreement, dated July 8, 2008, by and among Central European Distribution Corporation, Lion/Rally Cayman 1 LP, Carey Agri International—Poland Sp. z o. o, Lion/Rally Carry ENG 1 LP and Lion/Rally Cayman 2 (filed as Exhibit 10.52 to the Annual Report on Form 10-K/A filed with the SEC on March 1, 2011 and incorporated herein by reference).
10.14	Instrument by way of Deed Constituting US$103,500,000 Unsecured Exchangeable Loan Notes, dated July 8, 2008, by and among Lion/Rally Cayman 2 and Lion/Rally Lux 1 S.A. and Lion/Rally Lux 3 S.a.r.l. (filed as Exhibit 10.3 to the Current Report on Form 8-K filed with the SEC on July 15, 2008 and incorporated herein by reference).

Exhibit Number	Exhibit Description
10.15	Shareholders' Agreement, dated May 23, 2008, by and among Barclays Wealth Trustees (Jersey) Limited (as trustee of The First National Trust), Polmos Bialystok S.A. and Peulla Enterprises Limited (filed as Exhibit 10.1 to the Current Report on Form 8-K filed with the SEC on May 30, 2008 and incorporated herein by reference).
10.16	Amendment No. 1 to Shareholders' Agreement, dated February 24, 2009, by and among Barclays Wealth Trustees (Jersey) Limited (as trustee of The First National Trust), Polmos Bialystok S.A. and Peulla Enterprises Limited. (filed as Exhibit 10.1 to the Current Report on Form 8-K filed with the SEC on March 2, 2009 and incorporated herein by reference).
10.17	Amended and Restated Employment Agreement, dated June 11, 2008, by and between Central European Distribution Corporation and William V. Carey (filed as Exhibit 10.1 to the Current Report on Form 8-K filed with the SEC on June 17, 2008 and incorporated herein by reference).
10.18	Amended and Restated Employment Agreement, dated June 11, 2008, by and between Central European Distribution Corporation and Christopher Biedermann (filed as Exhibit 10.2 to the Current Report on Form 8-K filed with the SEC on June 17, 2008 and incorporated herein by reference).
10.19	Amended and Restated Employment Agreement, dated June 11, 2008, by and between Central European Distribution Corporation and Evangelos Evangelou (filed as Exhibit 10.3 to the Current Report on Form 8-K filed with the SEC on June 17, 2008 and incorporated herein by reference).
10.20	Amended and Restated Employment Agreement, dated June 11, 2008, by and between Central European Distribution Corporation and James Archbold (filed as Exhibit 10.4 to the Current Report on Form 8-K filed with the SEC on June 17, 2008 and incorporated herein by reference).
10.21	Amended and Restated Executive Bonus Plan (filed as Exhibit 10.5 to the Current Report on Form 8-K filed with the SEC on June 17, 2008 and incorporated herein by reference).
10.22	Facilities Agreement dated April 24, 2008 among Central European Distribution Corporation, Bols Sp. z o.o. and certain other subsidiaries of Central European Distribution Corporation, and Bank Zachodni WBK S.A. as lender (filed as Exhibit 10.1 to the Quarterly Report on Form 10-Q filed with the SEC on May 9, 2008 and incorporated herein by reference).
10.23	Labor Contract, dated April 1, 2008, between Parliament Distribution and Mr. Sergey Kupriyanov (filed as Exhibit 10.1 to the Quarterly Report on Form 10-Q filed with the SEC on August 11, 2008 and incorporated herein by reference).
10.24	Facilities Agreement, dated July 2, 2008, among Central European Distribution Corporation, Carey Agri International-Poland Sp. z o.o and certain other subsidiaries of Central European Distribution Corporation, and Bank Handlowy W Warszawie S.A. (filed as Exhibit 10.2 to the Quarterly Report on Form 10-Q filed with the SEC on August 11, 2008 and incorporated herein by reference).
10.25	Amendment and Restatement Agreement Relating to a Facility Agreement dated December 21, 2007, dated February 24, 2009, by and among Carey Agri International-Poland Sp. z o.o., Central European Distribution Corporation, Astor Sp. z o.o., Bols Hungary KFT, Bols Sp. z o.o., Botapol Holding B.V., Dako-Galant Przedsiebiorstwo Handlowo Produkcyjne Sp. z o.o., Damianex S.A. Delikates Sp. z o.o., Fine Wine & Spirit (FWS) Sp. z o.o., Imperial Sp. z o.o. Miro Sp. z o.o., MTC Sp. z o.o., Multi-Ex Sp. z o.o., Onufry S.A., Panta Hurt Sp. z o.o., Polnis Dystrybucja Sp. z o.o., Polskie Hurtownie Alkoholi Sp. z o.o., Przedsiebiorstwo Dystrybucji Alkoholi Agis S.A., Przedsiebiorstwo Handlu Spozywczego Sp. z o.o., PWW Sp. z o.o., Saol Dystrybucja Sp. z o.o., Fortis Bank Polska S.A., Fortis Bank S.A./NV, Austrian Branch and Bank Polska Kasa Opieki S.A. (filed as Exhibit 10.2 to the Current Report on Form 8-K filed with the SEC on March 2, 2009 and incorporated herein by reference).

Exhibit Number	Exhibit Description
10.26	Amendment Agreement Relating to a Facility Agreement dated December 21, 2007 as Amended and Restated on February 24, 2009, dated February 24, 2009, by and among Carey Agri International-Poland Sp. z o.o., Central European Distribution Corporation, Astor Sp. z o.o., Bols Hungary KFT, Bols Sp. z o.o., Botapol Holding B.V., Dako-Galant Przedsiebiorstwo Handlowo Produkcyjne Sp. z o.o., Damianex S.A. Delikates Sp. z o.o., Fine Wine & Spirit (FWS) Sp. z o.o., Imperial Sp. z o.o. Miro Sp. z o.o., MTC Sp. z o.o., Multi-Ex Sp. z o.o., Onufry S.A., Panta Hurt Sp. z o.o., Polnis Dystrybucja Sp. z o.o., Polskie Hurtownie Alkoholi Sp. z o.o., Przedsiebiorstwo Dystrybucji Alkoholi Agis S.A., Przedsiebiorstwo Handlu Spozywczego Sp. z o.o., PWW Sp. z o.o., Saol Dystrybucja Sp. z o.o. and Bank Polska Kasa Opieki S.A. (filed as Exhibit 10.3 to the Current Report on Form 8-K filed with the SEC on March 2, 2009 and incorporated herein by reference).
10.27	Amendment No. 1 to Shareholders' Agreement, dated February 24, 2009, by and among Barclays Wealth Trustees (Jersey) Limited (as trustee of The First National Trust), Polmos Bialystok S.A., Central European Distribution Corporation and Peulla Enterprises Limited (filed as Exhibit 10.1 to the Current Report on Form 8-K filed with the SEC on March 2, 2009, and incorporated herein by reference).
10.28	Senior Facilities Agreement, dated July 10, 2008, among Pasalba Ltd, Nowdo Limited, the Original Guarantors, Goldman Sachs International, Bank Austria Creditanstalt AG, ING Bank N.V., London Branch, Raiffeisen Zentralbank Oesterreich AG, the Original Lenders, The Law Debenture Trust Corporation p.l.c. and the Issuing Bank (filed as Exhibit 10.1 to the to the Quarterly Report on Form 10-Q filed with the SEC on August 10, 2009, and incorporated herein by reference).
10.29	Intercreditor Deed, dated July 10, 2008, between Lion/Rally Lux 2 S.A. R.L., Lion/Rally Lux 3 S.A. R.L., Pasalba Ltd, Nowdo Limited, Raiffeisen Zentralbank Oesterreich AG, The Law Debenture Trust Corporation p.l.c., the Issuing Bank, the Original Senior Lenders, the Original Intragroup Creditors, the Original Intragroup Debtors, the Original Hedge Provider, the Original Obligors, the Senior Lenders, the Intragroup Creditors, the Intragroup Debtors and the Hedge Providers (filed as Exhibit 10.53 to the Annual Report on Form 10-K/A filed with the SEC on March 1, 2011 and incorporated herein by reference).
10.30	Deed of Amendment, dated December 23, 2008, in respect of a Senior Facilities Agreement, Deed of Guarantee and Covenants and Intercreditor Deed, each dated July 10, 2008, between (among others) Pasalba Ltd, Nowdo Limited, Goldman Sachs International, Unicredit Bank Austria AG, ING Bank N.V., London Branch and Raiffeisen Zentralbank Oesterreich AG (filed as Exhibit 10.3 to the to the Quarterly Report on Form 10-Q filed with the SEC on August 10, 2009, and incorporated herein by reference).
10.31	Commitment Letter, dated April 24, 2009, between Central European Distribution Corporation, Lion Capital LLP, Lion/Rally Cayman 4 and Lion/Rally Cayman 5 (filed as Exhibit 10.2 to the Periodic Report on Form 8-K filed with the SEC on April 30, 2009 and incorporated herein by reference).
10.32	Option Agreement, dated May 7, 2009, between Central European Distribution Corporation, Lion/Rally Cayman 4, Lion/Rally Cayman 5 and Lion/Rally Cayman 7 L.P (filed as Exhibit 10.6 to the to the Quarterly Report on Form 10-Q filed with the SEC on August 10, 2009, and incorporated herein by reference).
10.33	Governance and Shareholders Agreement, dated May 7, 2009, among Central European Distribution Corporation, Lion/Rally Cayman 4, Lion/Rally Cayman 5, Lion/Rally Cayman 6, Lion/Rally Cayman 7 L.P. and Lion/Rally Cayman 8 (filed as Exhibit 10.7 to the to the Quarterly Report on Form 10-Q filed with the SEC on August 10, 2009, and incorporated herein by reference).

Exhibit Number	Exhibit Description
10.34	Letter of Undertaking, dated April 24, 2009, between Central European Distribution Corporation, Lion Capital LLP, Lion/Rally Cayman 4 and Lion/Rally Cayman 5 (filed as Exhibit 10.5 to the Periodic Report on Form 8-K filed with the SEC on April 30, 2009 and incorporated herein by reference).
10.35	Commitment Letter, dated July 29, 2009, between Central European Distribution Corporation, Lion/Rally Cayman 6 and Lion/Rally Cayman 7 (filed as Exhibit 10.1 to the Periodic Report on Form 8-K filed with the SEC on August 4, 2009 and incorporated herein by reference).
10.36	Sale and Purchase Agreement, dated July 29, 2009, between Lion/Rally Cayman 6, Euro Energy Overseas Ltd., Altek Consulting Inc., Genora Consulting Inc., Lidstel Ltd., Pasalba Limited and Lion/Rally Lux 1 (filed as Exhibit 10.2 to the Periodic Report on Form 8-K filed with the SEC on August 4, 2009 and incorporated herein by reference).
10.37	New Option Agreement, dated October 2, 2009 (as amended on October 30, 2009), between Central European Distribution Corporation, Lion/Rally Cayman 4, Lion/Rally Cayman 5 and Lion/Rally Cayman 7 L.P. (filed as Exhibit 10.1 to the Current Report on Form 8-K filed with the SEC on November 5, 2009 and incorporated herein by reference).
10.38	Agreement, dated November 9, 2009, by and among Lion/Rally Cayman 6, Kylemore International Invest Corp., Pasalba Limited, Lion/Rally Lux 1 and Central European Distribution Corporation (filed as Exhibit 10.1 to the Current Report on Form 8-K filed with the SEC on November 16, 2009 and incorporated herein by reference).
10.39	Letter Agreement, dated November 12, 2009, between Bank Polska Kasa Opieki S.A. and Carey Agri International-Poland Sp. z o.o. (filed as Exhibit 10.48 to the Annual Report on Form 10-K/A filed with the SEC on March 1, 2011 and incorporated herein by reference).
10.40	Letter Agreement, dated November 12, 2009, between Bank Handlowy w Warszawie S.A. and Carey Agri International-Poland Sp. z o.o (filed as Exhibit 10.49 to the Annual Report on Form 10-K/A filed with the SEC on March 1, 2011 and incorporated herein by reference).
10.41	Co-Investor Option Agreement, dated November 19, 2009, by and among Central European Distribution Corporation, Lion Capital, Lion/Rally Cayman 4, Lion/Rally Cayman 5, Cayman 6, Lion/Rally Cayman 7 L.P and Lion/Rally Cayman 8 (filed as Exhibit 10.50 to the Annual Report on Form 10-K/A filed with the SEC on March 1, 2011 and incorporated herein by reference).
10.42	Letter Agreement, dated November 25, 2009, between Bank Zachodni WBK S.A. and Bols Sp. z o.o (filed as Exhibit 10.52 to the Annual Report on Form 10-K/A filed with the SEC on March 1, 2011 and incorporated herein by reference).
10.43	Loan Agreement, dated December 2, 2009, by and between CEDC Finance Corporation International, Inc., as Lender and Carey Agri International—Poland Sp. z o.o., as Borrower (filed as Exhibit 10.53 to the Annual Report on Form 10-K/A filed with the SEC on March 1, 2011 and incorporated herein by reference).
10.44	Loan Agreement, dated December 2, 2009, by and between CEDC Finance Corporation International, Inc., as Lender and Jelegat Holdings Limited, as Borrower (filed as Exhibit 10.54 to the Annual Report on Form 10-K/A filed with the SEC on March 1, 2011 and incorporated herein by reference).
10.45	On-Loan Facility Agreement, dated December 1, 2009, by and between Jelegat Holdings Limited, as Lender, and Joint Stock Company “Distillery Topaz,” OOO “First Tula Distillery,” Bravo Premium LLC, Limited Liability Company “The Trading House Russian Alcohol,” Joint Stock Company “Russian Alcohol Group,” ZAO “Sibersky LVZ,” and Closed Joint Stock Company “Mid Russian Distilleries,” as Borrowers (filed as Exhibit 10.55 to the Annual Report on Form 10-K/A filed with the SEC on March 1, 2011 and incorporated herein by reference).

Exhibit Number	Exhibit Description
10.46	Form of Restricted Stock Award Agreement under 2007 Stock Incentive Plan (filed as Exhibit 10.56 to the Annual Report on Form 10-K/A filed with the SEC on March 1, 2011 and incorporated herein by reference).
10.47	Form of Restricted Stock Award Agreement under 2007 Stock Incentive Plan (filed as Exhibit 10.56 to the Annual Report on Form 10-K filed with the SEC on March 1, 2010 and incorporated herein by reference).
10.48	Amended and Restated Employment Agreement, dated January 1, 2010, by and between Central European Distribution Corporation and William V. Carey (filed as Exhibit 10.1 to the Current Report on Form 8-K filed with the SEC on March 18, 2010 and incorporated herein by reference).
10.49	Amended and Restated Employment Agreement, dated January 1, 2010, by and between Central European Distribution Corporation and William V. Carey (filed as Exhibit 10.1 to the Current Report on Form 8-K filed with the SEC on March 18, 2010 and incorporated herein by reference).
10.50	Amended and Restated Employment Agreement, dated January 1, 2010, by and between Central European Distribution Corporation and Christopher Biedermann (filed as Exhibit 10.2 to the Current Report on Form 8-K filed with the SEC on March 18, 2010 and incorporated herein by reference).
10.51	Amended and Restated Employment Agreement, dated January 1, 2010, by and between Central European Distribution Corporation and Evangelos Evangelou (filed as Exhibit 10.3 to the Current Report on Form 8-K filed with the SEC on March 18, 2010 and incorporated herein by reference).
10.52	Amended and Restated Employment Agreement, dated January 1, 2010, by and between Central European Distribution Corporation and James Archbold (filed as Exhibit 10.4 to the Current Report on Form 8-K filed with the SEC on March 18, 2010 and incorporated herein by reference).
10.53	Amended and Restated Executive Bonus Plan (filed as Exhibit 10.5 to the Current Report on Form 8-K filed with the SEC on March 18, 2010 and incorporated herein by reference).
10.54*	Term and Overdraft Facilities Agreement, dated December 17, 2010, among Central European Distribution Corporation, as Original Guarantor, CEDC International sp. z o.o., Przedsiebiorstwo “Polmos” Bialystok S.A. and PWW sp. z o.o., as Borrowers, Bank Handlowy w Warszawie S.A., as Agent, Original Lender and Security Agent, and Bank Zachodni WBK S.A., as Original Lender.
10.55*	Loan Agreement, dated December 9, 2010, by and between CEDC Finance Corporation International, Inc., as Lender and CEDC International—Poland Sp. z o.o., as Borrower.
10.56*	First Amendment to Loan Agreement, dated December 21, 2010, by and between CEDC Finance Corporation International, Inc., as Lender and CEDC International—Poland Sp. z o.o., as Borrower.
21	Subsidiaries of the Company.
23	Consent of PricewaterhouseCoopers Sp. z o.o.
24.1	Power of Attorney.
31.1*	Rule 13a-14(a) Certification of the CEO in accordance with Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Rule 13a-14(a) Certification of the CFO in accordance with Section 302 of the Sarbanes-Oxley Act of 2002.
32.1*	Section 1350 Certification of the CEO pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2*	Section 1350 Certification of the CFO pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

Exhibit Number	Exhibit Description
101	The following financial statements from Central European Distribution Corporation's Annual Report on Form 10-Q for the year ended December 31, 2010, formatted in XBRL (eXtensible Business Reporting Language): (i) Consolidated Statements of Income, (ii) Consolidated Balance Sheets, (iii) Consolidated Statements of Cash Flows, (iv) Notes to Consolidated Financial Statements, tagged as blocks of text.

* Filed herewith.

† Schedules omitted pursuant to Item 601(b)(2) of Regulation S-K. The Company hereby agrees to furnish supplementally a copy of any omitted schedules to the Securities and Exchange Commission upon request.

Exhibit 2.14

February 7, 2011

SHARE SALE AND PURCHASE AGREEMENT

relating to the sale and purchase of
the remaining interests in
The Whitehall Group

by and among

Barclays Wealth Trustees (Jersey) Limited
in its capacity as trustee of
The First National Trust

and

Mark Kaufman
(as Sellers),

Polmos Bialystok S.A.
(as Purchaser),

and

Central European Distribution Corporation
(as Parent)

TABLE OF CONTENTS

SHARE SALE AND PURCHASE AGREEMENT

This **SHARE SALE AND PURCHASE AGREEMENT** (this "**Agreement**") is entered into as of February 7, 2011, by and among **BARCLAYS WEALTH TRUSTEES (JERSEY) LIMITED in its capacity as trustee of THE FIRST NATIONAL TRUST**, a trust company incorporated under the laws of Jersey, having its registered office at 39-41, Broad Street, St. Helier, JE4 5PS Jersey, Channel Islands ("**Trustee**"), Mark Kaufman, a Russian citizen, resident at 16, Boulevard de la Princess Charlotte, Apt. 602, Monaco, Monte Carlo 98000 ("**Kaufman**" and together with the Trustee, "**Sellers**"), **POLMOS BIALYSTOK S.A.**, a joint stock company incorporated under the laws of Poland, whose registered office is located at ul. Elewatorska No. 20, 15-950 Bialystok, Poland ("**Purchaser**") and **CENTRAL EUROPEAN DISTRIBUTION CORPORATION**, a corporation incorporated under the laws of the State of Delaware in the United States of America, whose registered office is at 3000 Atrium Way, Suite 265, Mt. Laurel, New Jersey 08054, U.S.A. ("**Parent**" and together with Purchaser, "**Purchasing Parties**"), (Trustee, Kaufman, Purchaser and Parent, collectively, the "**Parties**", and each, individually, a "**Party**").

RECITALS

WHEREAS, Peulla Entreprises Limited, a private limited liability company by shares incorporated under the laws of the Republic of Cyprus, whose registered office is located at Chrysanthou Mylona, 3, P.C. 3030, Limassol, Cyprus (the "**Company**"), is the legal owner of 100% of the outstanding share capital and voting power of WHL Holdings Limited, a company incorporated under the laws of the Republic of Cyprus, whose registered office is located at Chrysanthou Mylona, 3, P.C. 3030 Limassol, Cyprus ("**Whitehall**");

WHEREAS, Whitehall indirectly through its operating Subsidiaries is engaged in the business of importing, distributing, promoting, marketing and selling wines and spirits in the Russian Federation;

WHEREAS, Trustee is the sole trustee of The First National Trust, a trust established under the laws of Jersey, and the legal owner of two hundred sixty-three (263) Class B Shares (as defined herein) of the Company;

WHEREAS, Kaufman is the legal owner of three thousand seven hundred fifty-one (3,751) Class A Shares (as defined herein) and one thousand two hundred thirty-seven (1,237) Class B Shares of the Company;

WHEREAS, Parent, through its operating Subsidiaries, including Purchaser, operates the largest integrated spirits beverages business in Central Europe;

WHEREAS, on May 23, 2008, Whitehall, Trustee, Purchaser and Parent entered into a Share Sale and Purchase Agreement relating to the sale and purchase of a non-controlling interest in the Whitehall Group (as defined herein), as amended by Amendment No. 1, dated October 21, 2008 and as further amended by Amendment No. 5, dated February 24, 2009 (such agreement, as so amended, the "**2008 SPA**"), and certain other agreements related thereto;

WHEREAS, on the same date, the Company, Trustee and Purchaser entered into a Shareholders' Agreement relating to the shareholders' investment in the Company, as amended by Amendment No. 1, dated February 24, 2009 and as further amended by Amendment No. 2, dated November 29, 2010 (such agreement, as so amended, the "**Shareholders' Agreement**");

WHEREAS, Parent is the legal owner of one thousand six hundred forty-one (1,641) Class A Shares of the Company and Purchaser is the owner of two thousand one hundred eight (2,108) Class A Shares of the Company and six thousand (6,000) Class B Shares of the Company;

WHEREAS, the Purchasing Parties now desire to purchase from the Sellers, and the Sellers desire to sell to the Purchasing Parties, the remaining Class A Shares and Class B Shares not held by the Purchasing Parties;

WHEREAS, Sellers, Purchaser, and Parent have previously entered into a binding Heads of Terms, dated November 29, 2010, as amended by Amendment No. 1, dated December 30, 2010, setting forth the terms and conditions pursuant to which Sellers would sell, and the Purchasing Parties would purchase, the remaining Class A Shares and Class B Shares not held by the Purchasing Parties (the "**Transaction**");

WHEREAS, the Transaction shall be in lieu of the Exit Options (as defined in the Shareholders' Agreement) set forth in Article VI of the Shareholders' Agreement;

WHEREAS, the Parties now desire to enter into this definitive binding agreement with respect to the Transaction;

WHEREAS, except as specifically provided herein, this Agreement shall supersede and replace all existing agreements between the Purchaser and the Parent, on one hand, and Trustee and Kaufman, on the other hand, with respect to their holdings in the Company and its subsidiaries, including the Shareholders' Agreement.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual promises and covenants set forth below and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, and intending to be legally bound, the Parties agree as follows:

ARTICLE 1
DEFINITIONS

Section 1.1 Certain Defined Terms

For the purposes of this Agreement, unless the context requires otherwise, the following terms shall have the following meanings:

"**2008 SPA**"	has the meaning ascribed to it in the Recitals;
"**Affiliate**"	means, with respect to any person (other than a natural person), any other person who directly or indirectly

controls, or is under common control with, or is controlled by, such first person. As used in this definition, **"control"** (including, with its correlative meanings, **"controlled by" and "under common control with"**) means, with respect to any person, the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a person, whether through ownership of voting securities or partnership or other ownership interests, by contract or credit arrangement, as trustee or executor or otherwise; provided that, for the avoidance of doubt, for the purposes of this Agreement, the Joint Venture shall not be deemed to be an Affiliate of Whitehall;

"**Average NASDAQ DailyPrice**"	has the meaning ascribed to it in Section 5.6(c);
"**Average Sales Price**"	has the meaning ascribed to it in Section 5.6(b);
"**Business**"	means the business of the Group and/or, as the case may be, of the Joint Venture, including the import, distribution, sales, marketing and promotion of wines and spirits in the Russian Federation;
"**Business Day**"	means a day (other than a Saturday or Sunday) when commercial banks are open for business in Moscow, Russian Federation; Warsaw, Poland; New York, USA; and Nicosia, Cyprus;
"**Cash Consideration**"	has the meaning ascribed to it in Section 2.4(a);
"**CEDC Share**"	means a share of common stock, par value US$ 0.01 per share (or such other par value following any consolidation, stock split, repayment or reduction of capital or other event giving rise to any adjustment in the par value of such common stock hereafter), of Parent;
"**CEDC Share Issuance Price**"	has the meaning ascribed to it in Section 2.5(a);
"**CEDC Share Registration Price**"	has the meaning ascribed to it in Section 5.6(a);
"**Class A Closing**"	has the meaning ascribed to it in Section 5.1(a);
"**Class A Closing Date**"	has the meaning ascribed to it in Section 5.1(a);
"**Class A Shares**"	has the meaning ascribed to it in Section 2.2;

"Class B Closing"	has the meaning ascribed to it in Section 4.1(a);
"**Class B Closing Date**"	has the meaning ascribed to it in Section 4.1(b);
"**Class B Shares**"	has the meaning ascribed to it in Section 2.3(a);
"**Company**"	has the meaning ascribed to it in the Recitals;
"**Daily Penalty**"	has the meaning ascribed to it in Section 5.5(c);
"**Dispute**"	has the meaning ascribed to it in Section 10.3(a);
"**Encumbrance**"	means any pledge, charge, claim, lien (other than a lien arising by operation of law in the ordinary course of trading), mortgage, debenture, security interest, pre-emption right, right of first refusal, option or other third-party right, restriction or encumbrance of any nature (whether statutory, contractual or otherwise), including the interest of a vendor or lessor under any conditional sale agreement, capital lease or other title retention agreement, or an agreement, arrangement or obligation to create any of the foregoing;
"**Existing Jewish Standard Inventory**"	has the meaning ascribed to it in Section 8.9(d);
"**Existing Kauffman Private Collection Stock**"	has the meaning ascribed to it in Section 8.8(a);
"**Global Management**"	means OOO Global Management (ООО "Глобал Менеджмент"), a limited liability company (*Общество с ограниченной ответственностью*) incorporated under the laws of the Russian Federation, whose registered office is located at Bld. 5, 33, Dmitrovskoe shosse, Moscow 127550 Russian Federation;
"**Governmental Authority**"	means any court or government (federal, state, local, national, foreign, provincial or supranational) or any political subdivision thereof, including, without limitation, any department, commission, ministry, board, bureau, agency, authority, tribunal or arbitral body, exercising executive, legislative, judicial, regulatory or administrative authority, including any self-regulatory authority or quasi-governmental entity established to perform any of these functions;
"**Group**" or "**Whitehall Group**"	means Whitehall and the Whitehall Subsidiaries and the expression "**Group Company**" shall be construed accordingly to mean any of Whitehall or the Whitehall Subsidiaries; provided that for the avoidance of doubt, the Joint Venture shall not be deemed to be a Group

Company;

"**International IP Transfer Agreement**" means the agreement dated November 26, 2010, by and between the IP Seller and Whitehall Center and relating to the transfer of the IP Rights in registered in countries outside the Russian Federation and attached hereto as Schedule 2A;

"**IP Rights**" has the meaning ascribed to it in Section 2.1(a);

"**IP Seller**" means OOO VL ENTERPRISES, a limited liability company (*Общество с ограниченной ответственностью*) incorporated under the laws of the Russian Federation, whose registered office is located at Dmitrovskoye shosse, 33/5, P.C. 127550, Moscow, Russian Federation;

"**IP Transfer Agreements**" means the Russian IP Transfer Agreement and the International Transfer Agreement;

"**Jewish Standard IP Rights**" has the meaning ascribed to it in Section 8.9(a);

"**Joint Venture**" means MHWH Limited, a private limited liability company by shares incorporated in Cyprus, having its registered office at Chrysanthou Mylona, 3, P.C. 3030, Limassol, Republic of Cyprus;

"**Joint Venture Agreement**" means that Shareholders' and Operating Agreement, dated as of February 6, 2006, by and between Moët Hennessy International and Whitehall, as amended from time to time through the Class A Closing;

"**Kaufman**" has the meaning ascribed to it in the Preamble;

"**MK Management**" means OOO MK Management (ООО "МК МЕНЕДЖМЕНТ"), a limited liability company (*Общество с ограниченной ответственностью*) incorporated under the laws of the Russian Federation, whose registered office is located at Bld 3, 2/38, Pyatnitskaya str., Moscow 113035 Russian Federation;

"**Netjet Contract**" has the meaning ascribed to it in Section 5.2(h);

"**New Trustee**" has the meaning ascribed to it in Section 8.1;

"**Old Registration Rights Agreement**" means the Registration Rights Agreement, dated October 21, 2008 by and between Trustee and Parent;

"**Parent**" has the meaning ascribed to it in the Preamble;

"**Party**"	has the meaning ascribed to it in the Preamble;
"**Permitted Share Consideration**"	has the meaning ascribed to it in Section 2.5(b);
"**Purchase Price**"	has the meaning ascribed to it in Section 2.4;
"**Purchaser**"	has the meaning ascribed to it in the Preamble;
"**Purchaser Documents**"	has the meaning ascribed to it in Section 7.2;
"**Purchasing Parties**"	has the meaning ascribed to it in the Preamble;
"**RAS**"	means Russian Accounting Standards;
"**Registration Date**"	has the meaning ascribed to it in Section 5.5(b);
"**Registration Deadline**"	has the meaning ascribed to it in Section 5.5(a);
"**Registration Rights Agreement**"	has the meaning ascribed to it in Section 5.7;
"**Registration Statement**"	has the meaning ascribed to it in Section 5.5(a);
"**Representatives**"	means, with respect to a Party, its directors, officers, agents, or advisers (including, without limitation, financial advisers, consultants, attorneys and consultants);
"**Rule 144 Indemnity Amount**"	has the meaning ascribed to it in Section 5.6(c);
"**Rule 144 Indemnity Payment Date"**	has the meaning ascribed to it in Section 5.6(e);
"**Rule 144 Indemnity Period**"	has the meaning ascribed to it in Section 5.6(b);
"**Rules**"	has the meaning ascribed to it in Section 10.3(b);
"**Russian FAS**"	means the Russian Federal Antimonopoly Service;
"**Russian IP Transfer Agreement**"	means the agreement dated November 26, 2010, by and between the IP Seller and Whitehall Center and relating to the transfer of the IP Rights to be registered in the Russian Federation and attached hereto as Schedule 2;
"**Sales Day**"	has the meaning ascribed to it in Section 5.6(b);
"**SEC**"	means the United States Securities and Exchange Commission;

"**Second Closing**"	has the meaning ascribed to it in Section 5.8(a);
"**Securities Act**"	means the United States Securities Act of 1933, as amended;
"**Sellers**"	has the meaning ascribed to it in the Preamble;
"**Sellers Documents**"	has the meaning ascribed to it in Section 6.2;
"**Settlement Deed**"	means the deed of settlement (including the regulations contained therein) between Mark Kaufman and Walbrook Trustees (Jersey) Limited (being the former name of Barclays Wealth Trustees (Jersey) Limited) dated February 19, 2002 and any deed or instrument varying, or supplemental to, the same, in respect of the Trust;
"**Shares**"	has the meaning ascribed to it in Section 2.3(a);
"**Share Consideration**"	has the meaning ascribed to it in Section 2.4(b);
"**Share Price Indemnity**"	has the meaning ascribed to it in Section 5.6(a);
"**Shareholders' Agreement**"	has the meaning ascribed to it in the Recitals;
"**Subsidiary**"	means, with respect to any person (other than a natural person), any other person (other than a natural person) in which such person has ownership or control, direct or indirect, of more than fifty percent (50%) of the securities having ordinary voting power for the election of directors or other governing body of a person or more than fifty percent (50%) of the partnership or other ownership interest therein (other than as a limited partner of such person);
"**Tax**"	means any and all taxes, assessments, customs, duties, levies, tariffs and imposts of any kind whatsoever, whether of the Russian Federation or elsewhere, including any income, alternative or add-on minimum, gross receipts, sales, use, transfer, gains, value added, goods and services, *ad valorem*, franchise, profits, licence, withholding, payroll, direct placement, employment, excise, severance, stamp, procurement, occupation, premium, property, escheat, environmental or windfall profit tax, custom, duty or other tax, together with any interest, additions, penalties, charges or costs with respect thereto;
"**Tax Authority**"	means any body or organization in Russia or Cyprus having authority in relation to Tax;

"Termination Agreement"	has the meaning ascribed to it in Section 5.2(d);
"**Transaction**"	has the meaning ascribed to it in the Recitals;
"**Transaction Documents**"	means this Agreement, the new Registration Rights Agreement, IP Transfer Agreements, and the Termination Agreement and "**Transaction Document**" means any one of them;
"**Trust**"	means The First National Trust established under the laws of the Island of Jersey pursuant to the Settlement Deed;
"**Trustee**"	has the meaning ascribed to it in the Preamble;
"**US Dollars**" or "**US$**"	means the lawful currency of the United States of America from time to time;
"**Whitehall**"	has the meaning ascribed to it in the Recitals;
"**Whitehall Center**"	means OOO Whitehall-Center, a limited liability Company (*Общество с ограниченной ответственностью*), incorporated under the laws of the Russian Federation having its registered office at Dmitrovskoye shosse, 33/5, P.C. 127550, Moscow, Russian Federation;
"**Whitehall Subsidiaries**"	means the direct and indirect Subsidiaries of Whitehall, and "**Whitehall Subsidiary**" means any one of them; provided that for the avoidance of doubt, the Joint Venture shall not be deemed to be a Whitehall Subsidiary.

Section 1.2 Construction; Absence of Presumption

(a) For the purposes of this Agreement, (i) any reference to "writing" or "written" means any method of reproducing words in a legible and non-transitory form (excluding, for the avoidance of doubt, e-mail); (ii) references to a "company" include any company, corporation or other body corporate wherever and however incorporated or established; (iii) references to a "person" include any natural person, company, partnership, joint venture, firm, association, trust, proprietorship, other business organization, union, and any Governmental Authority, whether incorporated or unincorporated and shall include a reference to that person's legal representative or successors; (iv) words (including capitalized terms defined herein) in the singular shall be held to include the plural and vice versa and words (including capitalized terms defined herein) of one gender shall be held to include the other gender as the context requires; (v) the terms "hereof," "herein," and "herewith" and words of similar import shall, unless otherwise stated, be construed to refer to this Agreement as a whole (including all of the Schedules which are incorporated into and form part of this Agreement) and not to any particular provision of this Agreement, and Article,

Section, paragraph and Schedule references are to the Articles, Sections, paragraphs, and Schedules to this Agreement unless otherwise specified; (vi) the word "including" and words of similar import when used in this Agreement means "including without limitation" unless the context otherwise requires or unless otherwise specified; (vii) the word "or" shall not be exclusive; (viii) "commercially reasonable efforts" shall not require waiver by any Party of any material rights or any action or omission that would be a breach of this Agreement; (ix) all references to any period of days shall be deemed to be to the relevant number of calendar days unless otherwise specified; (x) references to any statute or statutory provision include a reference to that statute or statutory provision as amended, consolidated or replaced from time to time (whether before or after the date of this Agreement) and include any subordinate regulation or rule made under the relevant statute or statutory provision, except to the extent that any amendment, consolidation or replacement would increase or extend the liability of Sellers under this Agreement; (xi) references to any New York legal term for any statute, action, remedy, method of financial proceedings, legal document, legal status, court, official or any legal concept or thing shall, in respect of any jurisdiction other than New York, be deemed to include what most nearly approximates in that jurisdiction to the New York legal term; and (xii) references to "material" mean, where the context so admits, material, individually or in the aggregate, with respect to the financial condition, results of operations, business, assets or liabilities of the Group, taken as a whole or, as the case may be, of the Joint Venture;

(b) The Parties acknowledge that each Party and its counsel have reviewed and revised this Agreement and that no rule of construction to the effect that any ambiguities are to be resolved against the drafting Party shall be employed in the interpretation of this Agreement (including all of the Schedules) or any amendments hereto.

Section 1.3 Headings; Definitions

The Article and Section headings contained in this Agreement are inserted for convenience of reference only and shall not affect the meaning or interpretation of this Agreement.

ARTICLE 2
PRELIMINARY TRANSACTIONS; SALE AND PURCHASE; PURCHASE PRICE

Section 2.1 Transfer of Intellectual Property Rights

(a) Kaufman, on the one hand, and the Purchasing Parties, on the other hand, acknowledge and agree that prior to the date hereof, the IP Seller has transferred to Whitehall Center, all the ownership rights to the "Kauffman" trademarks, inventions and industrial designs, but only with respect to their respective use in respect of all of the goods listed under Class 33 (Alcoholic beverages (except beers)) and certain of the goods listed under Class 32 (specifically, beers) of the International Classification of Goods and Services under the Nice Agreement, as further specified in Schedule 1 (the "**IP Rights**"), pursuant to the IP Transfer Agreements, provided that the Russian IP Transfer Agreement shall only be effective as of the date of its registration with Rospatent.

(b) For the avoidance of doubt, Kaufman and the Purchasing Parties expressly acknowledge and agree that:

(i) The IP Rights transferred to Whitehall Center pursuant to the IP Transfer Agreements do not include the right to use the "*Kauffman*" name in the name of retail wine & spirit shops or for selling third party products under the name "*Kauffman private collection*" following the transition period set forth in the transfer agreement except as set forth in Section 8.8 of this Agreement; and

(ii) Kaufman and IP Seller, as the owner of the Jewish Standard IP Rights (as defined below), shall not use the "*Kauffman*" name in connection with Jewish Standard products or any other Class 33 products except as set forth in Section 8.8 of this Agreement.

(c) Kaufman and the Purchasing Parties expressly acknowledge and agree that if, after the transfer of the IP Rights has been completed, for any reason the Class A Closing does not occur, then the IP Seller shall have the right to reacquire the IP Rights for the same consideration paid by Whitehall Center pursuant to the IP Transfer Agreements.

Section 2.2 Sale and Purchase of the Class A Shares

(a) Upon the terms and subject to the provisions and conditions of this Agreement, at the Class A Closing, Kaufman shall sell, assign, transfer and convey to Parent and Parent shall purchase, acquire and accept from Kaufman, three thousand seven hundred fifty-one (3,751) Class A Shares, par value US$ 1 per share (the "**Class A Shares**"), of the Company, with all rights attaching to them at the Class A Closing Date (including, without limitation, the voting rights), free and clear of all Encumbrances (other than those arising under this Agreement).

(b) Neither Kaufman nor Purchaser shall be obligated to complete the sale and purchase of any of the Class A Shares unless the sale and purchase of all the Class A Shares is completed simultaneously.

Section 2.3 Sale and Purchase of the Class B Shares

(a) Upon the terms and subject to the provisions and conditions of this Agreement, at the Class B Closing, (i) Kaufman shall sell, assign, transfer and convey to Purchaser and Purchaser shall purchase, acquire and accept from Kaufman, one thousand, two hundred thirty-seven (1,237) Class B Shares, par value US$ 1 per share (the "**Class B Shares**" and together with the Class A Shares, the "**Shares**"), of the Company and (i) the Trustee shall sell, assign, transfer and convey to Purchaser and Purchaser shall purchase, acquire and accept from the Trustee, two hundred sixty-three (263) Class B Shares, in each case with all rights attaching to them at the Class B Closing Date (including, without limitation, in the case of the Class B Shares, the right to receive all dividends or distributions declared, made or paid from and after the Class B Closing), free and clear of all Encumbrances (other than those arising under this Agreement).

(b) Neither of the Sellers nor Purchaser shall be obligated to complete the sale and purchase of any of the Class B Shares unless the sale and purchase of all the Class B Shares is completed simultaneously.

(c) For the avoidance of doubt, notwithstanding any delay in the Class B Closing Date, the Selling Parties shall in no event be entitled to receive any dividends declared or paid after November 29, 2010 on any Class B Shares, which dividend rights shall be attached to the Class B Shares transferred to the Purchaser at the Class B Closing.

Section 2.4 Purchase Price

The aggregate consideration for the sale and purchase of the Shares shall consist of US$ 91,500,000 (the "**Purchase Price**") to be paid as follows:

(a) US$ 68.5 million, to be paid in cash, in immediately available funds, at the Class B Closing (the "**Cash Consideration**"); and

(b) US$ 23 million to be paid in CEDC Shares to be issued to Kaufman at the Class A Closing (the "**Share Consideration**").

(c) The payment of the Purchase Price shall be satisfied by:

(i) payment by Purchaser at the Class B Closing of the amounts in aggregate equal the Cash Consideration to Kaufman and the Trustee pursuant to and in accordance with Section 4.4; and

(ii) payment of the Share Consideration by Parent at the Class A Closing to Kaufman in accordance with Section 5.3.

Section 2.5 Calculation of Share Consideration

(a) The number of CEDC Shares to be issued in respect of the Share Consideration shall be calculated as (x) US$ 23 million divided by (y) the CEDC Share Issuance Price. The "**CEDC Share Issuance Price**" shall be the average daily trading price, weighted by volume, on the NASDAQ Global Select Market for a CEDC Share during the 30-trading day period ending on the trading day immediately prior to the Class A Closing Date.

(b) Notwithstanding the foregoing or any other provision of this Agreement to the contrary, Parent shall not issue any CEDC Shares to the extent that doing so would result in a violation of NASDAQ Listing Rule 5635(a)(1). If the issuance of the full amount of the Share Consideration is therefore prohibited, then (1) such number of CEDC Shares comprising the portion of Share Consideration as may be issued without resulting in a violation of NASDAQ Listing Rule 5635(a)(1) (the "**Permitted Share Consideration**") shall be issued in accordance with this Agreement and (2) as soon as reasonably practicable after the issuance of the Permitted Share Consideration, but in any event no later than five (5) Business Days following the date thereof, Parent shall pay to Kaufman an amount in cash payable in US Dollars calculated as (a) the number of CEDC Shares comprising the total Share Consideration *minus* the number of CEDC Shares comprising the Permitted Share

Consideration issued to Kaufman in accordance with this Agreement, *multiplied by* (b) the CEDC Share Issuance Price.

Section 2.6 No Adjustment to Purchase Price

Parent and Purchaser expressly agree that the Purchase Price hereunder is fixed and is not subject to any downward adjustment for any reason. In particular, Parent and Purchaser expressly acknowledge and agree that they shall not be entitled to any repayment or reimbursement of any part of the Final Consideration (as defined in the 2008 SPA) paid in 2009, provided, however, that nothing contained herein shall affect the surviving provisions of the 2008 SPA, which shall remain in effect according to their terms.

ARTICLE 3
CONDITIONS PRECEDENT

Section 3.1 Conditions of All Parties to the Class B Closing

For the benefit of both the Sellers and the Purchasing Parties, the respective obligations of each Party to consummate the transactions contemplated hereby shall be subject to the fulfillment of the following condition:

(a) At or prior to the Class B Closing Date, no Governmental Authority of competent jurisdiction shall have enacted, issued, promulgated, enforced or entered any statute, rule, regulation, judgment, decree, injunction or other order (whether temporary, preliminary or permanent) which remains in effect that, in each case, prohibits consummation of the transactions contemplated by this Agreement.

Section 3.2 Conditions to Obligations of Purchasing Parties to the Class B Closing

For the benefit of the Purchasing Parties, the respective obligations of each Purchasing Party to consummate the transactions contemplated hereby shall be subject to the fulfillment or waiver (in the sole discretion of Parent, on behalf of the Purchasing Parties) of the condition that prior to or at the Class B Closing, Kaufman and the Trustee shall have performed in all material respects all of the covenants and complied in all material respects with all of the provisions required by this Agreement to be performed or complied with by them at or prior to the Class B Closing.

Section 3.3 Conditions to Obligation of Sellers to the Class B Closing

For the benefit of the Sellers, the respective obligations of each Seller to consummate the transactions contemplated hereby shall be subject to the fulfillment or waiver (in the sole discretion of Kaufman, on behalf of the Sellers) of the condition that prior to or at the Class B Closing, Purchaser and Parent shall have performed in all material respects all of the covenants and complied in all material respects with all of the provisions required by this Agreement to be performed or complied with by them at or prior to the Class B Closing.

Section 3.4 Conditions of All Parties to the Class A Closing

For the benefit of both the Sellers and the Purchasing Parties, the respective obligations of each Party to consummate the transactions contemplated hereby shall be subject to the fulfillment or waiver (in the sole discretion of Kaufman, on behalf of the Sellers, on the one hand, and in the sole discretion of Parent, on behalf of the Purchasing Parties, on the other hand), at or prior to the Class A Closing Date of the following conditions:

(a) The Class B Closing shall have occurred or shall be simultaneous with the Class A Closing.

(b) Parent shall have completed the necessary antitrust pre-notification procedures under applicable law and have received clearance from the Russian FAS, which Purchaser has received on January 14, 2011, to complete the purchase of the Class A Shares.

(c) At or prior to the date of the Class A Closing, no Governmental Authority of competent jurisdiction shall have enacted, issued, promulgated, enforced or entered any statute, rule, regulation, judgment, decree, injunction or other order (whether temporary, preliminary or permanent) which remains in effect that, in each case, prohibits consummation of the transactions contemplated by this Agreement.

ARTICLE 4
THE CLASS B CLOSING

Section 4.1 Class B Closing

(a) The closing of the sale and purchase of the Class B Shares provided for in this Agreement (the "**Class B Closing**") shall take place by telephone and e-mail communication on February 7, 2011; provided that the certificates evidencing the Class B Shares being sold and purchased shall be surrendered at the offices of Meritservus, corporate secretary of the Company on the Class B Closing Date.

(b) The date on which the Class B Closing is to occur is referred to herein as the "**Class B Closing Date**". For the avoidance of doubt the Class B Closing Date and the Class A Closing Date may be the same, provided that the condition precedent set forth in Section 3.4(b) shall be satisfied.

Section 4.2 Class B Preliminary Information

No later than two (2) Business Days prior to the Class B Closing Date the Sellers shall have each provided to Purchaser instructions designating their respective bank accounts into which the portion of the Cash Consideration that they are entitled to receive hereunder shall be deposited by wire transfer in immediately available cleared funds at the Class B Closing.

Section 4.3 Sellers' Deliveries to Purchaser at the Class B Closing

(a) At the Class B Closing, Kaufman shall deliver to Purchaser:

(i) A share certificate evidencing ownership of one thousand two hundred thirty-seven (1,237) Class B Shares; provided this delivery obligation shall be deemed satisfied if Kaufman delivers evidence that he has given irrevocable instructions to the secretary of the Company in Cyprus to surrender and cancel Certificate No. 7 evidencing his ownership of one thousand two hundred thirty-seven (1,237) Class B Shares, which certificate is currently held in safekeeping by the secretary of the Company;

(ii) Transfer orders in the form set forth by law, duly executed and witnessed as of the Class B Closing Date and containing the instruction to register the transfer of one thousand two hundred thirty-seven (1,237) Class B Shares to Purchaser;

(iii) A duly signed resolution of the Board of Directors of the Company approving the transfer by Kaufman of one thousand two hundred thirty-seven (1,237) Class B Shares to the Purchaser; and

(b) At the Class B Closing, the Trustee shall deliver to Purchaser:

(i) A share certificate evidencing ownership of two hundred sixty-three (263) Class B Shares; provided this delivery obligation shall be deemed satisfied if the Trustee delivers evidence that it has given irrevocable instructions to the secretary of the Company in Cyprus to surrender and cancel Certificate No. 8 evidencing its ownership of two hundred sixty-three (263) Class B Shares, which certificate is currently held in safekeeping by the secretary of the Company;

(ii) Transfer orders in the form set forth by law, duly executed and witnessed as of the Class B Closing Date and containing the instruction to register the transfer of two hundred sixty-three (263) Class B Shares to Purchaser; and

(iii) A duly signed resolution of the Board of Directors of the Company approving the transfer by the Trustee of two hundred sixty-three (263) Class B Shares to the Purchaser.

Section 4.4 Purchaser's Deliveries to Sellers at the Class B Closing

(a) At the Class B Closing, the Purchaser shall deliver to Kaufman:

(i) An amount in cash equal to fifty-six million five hundred thousand dollars (US$ 56,500,000) by wire transfer of immediately available funds to the bank account notified to Purchaser pursuant to Section 4.2;

(ii) Transfer orders in the form set forth by law, duly executed and witnessed as of the Class B Closing Date and containing the instruction to register the transfer of one thousand two hundred thirty-seven (1,237) Class B Shares from Kaufman to Purchaser; and

(b) At the Class B Closing, the Purchaser shall deliver to the Trustee:

(i) An amount in cash equal to twelve million dollars (US$ 12,000,000) by wire transfer of immediately available funds to the bank account notified to Purchaser pursuant to Section 4.2; and

(ii) Transfer orders in the form set forth by law, duly executed and witnessed as of the Class B Closing Date and containing the instruction to register the transfer of two hundred sixty-three (263) Class B Shares from the Trustee to Purchaser.

Section 4.5 Proceedings at Class B Closing

All actions to be taken and all documents to be executed and delivered by the Parties at the Class B Closing shall be deemed to have been taken and executed simultaneously, and, except as permitted hereunder, no proceedings shall be deemed taken nor any documents executed or delivered until all have been taken, executed and delivered.

ARTICLE 5
THE CLASS A CLOSING; UNDERTAKINGS RELATING TO SHARE CONSIDERATION

Section 5.1 Class A Closing

(a) The closing of the sale and purchase of the Class A Shares provided for in this Agreement (the "**Class A Closing**") shall take place on the Class B Closing Date. The date on which the Class A Closing is to occur is referred to herein as the "**Class A Closing Date**".

(b) The Class A Closing shall take place by telephone and e-mail communication; provided that the certificates evidencing the Class A Shares being sold and purchased shall be surrendered at the offices of Meritservus, corporate secretary of the Company.

Section 5.2 Kaufman's Deliveries to Parent at the Class A Closing

At the Class A Closing, the Kaufman shall deliver to Parent:

(a) A share certificate evidencing ownership of three thousand seven hundred fifty-one (3,751) Class A Shares; provided this delivery obligation shall be deemed satisfied if Kaufman delivers evidence that he has given irrevocable instructions to the secretary of the Company in Cyprus to surrender and cancel Certificate No. 6 evidencing his ownership of three thousand seven hundred fifty-one (3,751) Class A Shares, which certificate is currently held in safekeeping by the secretary of the Company;

(b) Transfer orders in the form set forth by law, duly executed and witnessed as of the Class A Closing Date and containing the instruction to register the transfer of three thousand seven hundred fifty-one (3,751) Class A Shares from Kaufman to Parent;

(c) A duly signed resolution of the Board of Directors of the Company approving the transfer by Kaufman of three thousand seven hundred fifty-one (3,751) Class A Shares to the Parent;

(d) A termination agreement relating to the Management Agreement (as defined in the Shareholders' Agreement), duly signed by Whitehall Center and Global Management (the "**Termination Agreement**"), which Termination Agreement shall provide that: (i) it shall be effective as of the date that is 30 days after the Class A Closing; (ii) Whitehall Center releases and waives any and all claims that it may have against Global Management; (iii) all accrued and unpaid fees under the Management Agreement shall be paid to Global Management on the effective date of the Termination Agreement, provided that the management fees due under the Management Agreement (as defined in the Shareholders' Agreement) for any period after January 1, 2011 shall be reduced by an amount equal to the salary and payroll taxes paid by Whitehall Center (or any of its Affiliates) to any employees transferred from Global Management to Whitehall Center during that same period, except for any Transaction Bonus, a calculation of which management fees and salary and payroll taxes is specified in Schedule 5; and (iv) no other indemnity or break fee shall be paid by or to either party to the Management Agreement (as defined in the Shareholders' Agreement);

(e) Letters of resignation, effective as of the date that is 30 days after the Class A Closing, signed by the MK Directors (as defined in the Shareholders' Agreement) of the Company;

(f) Letters of resignation, each effective as of the date that is 30 days after the Class A Closing, signed by the Chief Executive Officer and Chief Financial Officer of the Group (as defined in the Shareholders' Agreement);

(g) An executed copy of the Registration Rights Agreement; and

(h) An executed assignment agreement relating to certain Netjet contracts entered into by Whitehall (the "**Netjet Contract**"), duly signed by Whitehall, W&L Enterprises Limited (or any other Affiliate of Kaufman) and the other party to the Netjet Contract providing for the assignment of the Netjet Contract to W&L Enterprises Limited (or any other Affiliate of Kaufman) at no cost to Whitehall, effective as of the date that is 30 days after the Class A Closing.

Section 5.3 Parent's Deliveries to Kaufman at the Class A Closing

At the Class A Closing, Parent shall deliver to Kaufman:

(a) A certified copy of the board resolutions of Parent approving the issuance of the CEDC Shares comprising the Share Consideration to Kaufman;

(b) Written confirmation from the transfer agent of Parent of the issuance of such shares to Kaufman;

(c) No later than the Business Day immediately following the Class A Closing, a copy sent by fax or pdf of one or more share certificates for the account of Kaufman evidencing the issuance of the shares of CEDC common stock

comprising the Share Consideration to Kaufman; provided that the originals of such certificates shall be held by the transfer agent of Parent in safekeeping on behalf of Kaufman for a period not to exceed 10 days;

(d) No later than ten days after the Class A Closing, one or more original share certificates for the account of Kaufman evidencing the issuance of the shares of CEDC common stock comprising the Share Consideration to Kaufman;

(e) An executed copy of the Registration Rights Agreement; and

(f) Transfer orders in the form set forth by law, duly executed and witnessed as of the Class A Closing Date and containing the instruction to register the transfer of 3,751 Class A Shares from Kaufman to Parent.

Section 5.4 Proceedings at Class A Closing

All actions to be taken and all documents to be executed and delivered by the Parties at the Class A Closing shall be deemed to have been taken and executed simultaneously, and, except as permitted hereunder, no proceedings shall be deemed taken nor any documents executed or delivered until all have been taken, executed and delivered.

Section 5.5 Registration of Share Consideration

(a) Subject to applicable regulations (in particular, with respect to the age of financial statements) Parent shall as promptly as possible prepare and file with the SEC a registration statement (the "**Registration Statement**") under the Securities Act and use its reasonable best efforts to have the Registration Statement declared effective as promptly as practicable and to cause the CEDC Shares received as the Share Consideration to be registered under the Securities Act; provided that, in any event, the Registration Statement shall be declared effective and the CEDC Shares received as the Share Consideration shall be registered no later than the date that is thirty (30) days after the Class A Closing Date (the "**Registration Deadline**").

(b) The date on which the Registration Statement becomes effective is referred to herein as the "**Registration Date**".

(c) In the event that, for any reason whatsoever (including any *force majeure* event), the Registration Date occurs after the Registration Deadline, the Parent shall, or shall cause Purchaser to, pay to Kaufman an amount equal to US$ 6,300 (the "**Daily Penalty**") for every day from and after the tenth (10th) Business Day after Registration Deadline (inclusive) until the Registration Date (exclusive), it being acknowledged and agreed that the Daily Penalty represents interest at 10 per cent (10%) per year, accruing daily (based on a 365-day year) on US$ 23 million. The aggregate Daily Penalty shall be paid to Kaufman, in cash in immediately available funds, at the Second Closing.

Section 5.6 CEDC Share Price Protection

(a) In the event that the CEDC Share Registration Price is less than the CEDC Share Issuance Price, Parent shall pay, or shall cause the Purchaser to pay, to Kaufman an amount in cash (the "**Share Price Indemnity**") equal to the product of

(x) the difference between the CEDC Share Issuance Price and the CEDC Share Registration Price *multiplied by* (y) the number of CEDC Shares issued to Kaufman as the Share Consideration, *less* any CEDC Shares sold pursuant to Rule 144 during the Rule 144 Indemnity Period (as defined herein). The "**CEDC Share Registration Price**" shall be determined as of the trading day immediately prior to the Registration Date and shall be equal to the lower of the average daily trading price, weighted by volume, on the NASDAQ Global Select Market for a CEDC Share (i) on the trading day immediately prior to the Registration Date and (ii) during the 10-trading day period ending on the trading day immediately prior to the Registration Date.

(b) In the event that, for any reason whatsoever (including any *force majeure* event), the Registration Statement has not been declared effective, and the CEDC Shares issued as the Share Consideration have not been registered under the Securities Act, by the date that is six months after the Class A Closing, without prejudice to Parent's obligation to pay the Daily Penalty or to register the shares, Kaufman shall be entitled to re-sell the shares publicly pursuant to Rule 144 under the Securities Act. Parent shall cooperate in good faith to facilitate such resales (including, without limitation, delivering such legal opinions and issuing such instructions to its transfer agent as are customary and were issued in connection with Kaufman's sales of CEDC Shares pursuant to Rule 144 in the course of 2009 and 2010). During a period ending on the earlier to occur of (x) the date that is sixty (60) days after the six month anniversary of the Class A Closing and (y) the day immediately prior to the Registration Date (the "**Rule 144 Indemnity Period**") in the event that on any single day (each a "**Sales Day**"), Kaufman sells any CEDC Shares received as the Share Consideration pursuant to Rule 144, in one or more transactions for an average sales price per share, weighted by volume (the "**Average Sales Price**") that is less than the CEDC Share Issuance Price, then Purchaser shall pay, or cause Parent to pay, to Kaufman a Rule 144 Indemnity Amount.

(c) The "**Rule 144 Indemnity Amount**" shall be calculated as an amount in US Dollars equal to the product of (x) the aggregate number of CEDC Shares sold by Kaufman on the relevant Sales Day *multiplied by* (y) the excess, if any, of (1) the CEDC Share Issuance Price over (2) the volume weighted average sales price per CEDC Share traded on the NASDAQ Global Select Market during regular trading hours on the applicable Sales Day (the "**Average NASDAQ Daily Price**"); provided that if for any Sales Day such data cannot be obtained without unreasonable effort or expense from a recognized third-party vendor (or reliable public source), then for that Sales Day the Average NASDAQ Daily Price shall be deemed to be the average of the highest and lowest sales price per CEDC Share traded on the NASDAQ Global Select Market during regular trading hours. For the avoidance of doubt, it is expressly agreed and acknowledged that:

(i) if the Average NASDAQ Daily Price for the applicable Sales Day equals or exceeds the Guarantee Issuance Price, no Rule 144 Indemnity Amount shall be due in respect of any CEDC Shares sold by Kaufman on such Sales Day, notwithstanding that the Average Sales Price realized by Kaufman (or any Affiliate of Kaufman to which Kaufman has transferred such CEDC Shares) may have been less than the Average NASDAQ Daily Price;

(ii) no Rule 144 Indemnity Amount shall be due unless the Average Sales Price realized in respect of all the CEDC Shares sold by

Kaufman on any Sales Day is less than the CEDC Share Issuance Price, notwithstanding that the Average NASDAQ Daily Price for such Sales Day may have been less than the CEDC Share Issuance Price; and

(iii) each Rule 144 Indemnity Amount shall be calculated strictly according to the terms set forth above, notwithstanding that the Average Sales Price realized exceeds the Average NASDAQ Daily Price on any applicable Sales Day.

(d) No later than five (5) Business Days after (x) the end of each calendar month following the Registration Date and (y) the last day of the Rule 144 Indemnity Period, Kaufman shall deliver a written notice to Parent, setting forth for each sales transaction effected by Kaufman during the immediately preceding calendar month: (i) the identity of the seller who effected each sales transaction, (ii) the date of each sales transaction, (iii) the number of CEDC Shares sold in each sales transaction, (iv) the price per share paid in each sales transaction, (v) where and how each sales transaction was effected and (vi) the calculation of any Rule 144 Indemnity Amount due in respect of all Sales Days in the immediately preceding calendar month.

(e) Purchaser shall pay, or cause Parent to pay, to Kaufman the aggregate amount of all Rule 144 Indemnity Amounts accrued during the previous fiscal quarter no later than the date that is fifteen days after the end of such fiscal quarter (or, if such date is not a Business Day, the next Business Day). Notwithstanding the foregoing, Purchaser shall pay, or cause Parent to pay, to Kaufman the aggregate amount of all Rule 144 Indemnity Amounts accrued but unpaid as of the last day of the Rule 144 Indemnity Period no later than the fifteenth (15th) day after the end of the Rule 144 Indemnity Period (or, if such date is not a Business Day, the next Business Day). In each case, the amounts payable under this Section 5.6(e) shall be paid in US Dollars by wire transfer of immediately available cleared funds to the account or accounts to be designated to Purchaser by Kaufman no later than the date of the most recent notice required under Section 5.6(d) above. Any day on which a Rule 144 Indemnity Amount is due and payable under this Section 5.6(e) shall be referred to as a "**Rule 144 Indemnity Payment Date**".

Section 5.7 Registration Rights Agreement

On issuance of the Share Consideration at the Class A Closing, Kaufman and Parent shall enter into a Registration Rights Agreement (the "**Registration Rights Agreement**"), substantially in the same form (other than Articles II and III thereof) as the Old Registration Rights Agreement, except that Parent shall be obligated only to prepare and file the single Registration Statement and cause the CEDC Shares issued as the Share Consideration to be registered under the Securities Act as set forth above; provided that if CEDC files the Registration Statement on the day of issuance of the Share Consideration (or if such day of issuance is not a Business Day for the SEC, on the first such Business Day thereafter), the only provisions of the Registration Rights Agreement that shall be effective shall be Article VI (Indemnification) and Article XIII (Miscellaneous) and provided, further, that Parent shall have provided Kaufman the opportunity to review and comment on any information or statement made in the Registration Statement that relates to Kaufman.

Section 5.8 Second Closing

(a) In the event that a second closing (the "**Second Closing**") for the sale and purchase of the Shares, which shall solely relate to the payment of the sums referred to in (b) and (c) of this Section 5.8, occurs under this Agreement the Second Closing shall take place on the next Business Day immediately following the Registration Date and at such place and time as Parent and Kaufman shall agree.

(b) At the Second Closing, Parent shall deliver to Kaufman an amount in cash equal to the sum of (x) the aggregate Daily Penalty amount, if any, and (y) the Share Price Indemnity, by wire transfer of immediately available funds to a bank account, the details of which shall have been notified in writing to Parent no later than the second Business Day prior to the Second Closing.

(c) In the event that Parent fails to pay the aggregate Daily Penalty and/or the Share Price Indemnity on the next Business Day following the Registration Date, interest shall accrue daily at an annual rate of 10% (based on a 365-day year) on such outstanding amounts.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF SELLERS

Trustee and Kaufman hereby represent and warrant (severally and not jointly and with respect to itself and himself only) to Parent and Purchaser, as of the date hereof and as of the date of the Class B Closing and the Class A Closing (or as of such other date as may be expressly provided in any representation or warranty), as set forth below.

Section 6.1 Organization; Qualification; Solvency

(a) Trustee is a company duly organized and validly existing under the laws of the Island of Jersey. Trustee has all requisite power and authority to own the Shares and to carry on its business, as currently conducted.

(i) All registrations and official or governmental consents, licences or authorisations required under applicable law and regulation have been made or obtained and are in full force and effect and Trustee has at all times complied with all conditions attached to such consents, licences or authorisations.

(ii) No application for Trustee's property to be declared *en désastre* in the Island of Jersey has been made by Trustee or, to the knowledge of Trustee, by any other person, nor has any other procedure or proceeding referred to in Article 8 ("Meaning of bankruptcy") of the Interpretation (Jersey) Law, 1954, or Article 125 ("Power of company to compromise with creditors and members") of the Companies Law, been instituted.

Section 6.2 Authorization; Binding Obligations

Trustee and Kaufman have all necessary power and authority to make, execute and deliver this Agreement, the other Transaction Documents to which they are a party and all other documents executed by them which are to be delivered at the Class

A Closing or the Class B Closing (together, the "**Sellers Documents**") and to perform all of the obligations to be performed by them hereunder and thereunder. The making, execution, delivery and performance of this Agreement and the other Sellers Documents and the consummation by Trustee and Kaufman of the transactions contemplated hereby and thereby have been duly and validly authorized by all necessary corporate and other action on the part of Trustee and Kaufman. This Agreement and the Transaction Documents to which they are a Party have been, and, as of the date of the Class A Closing and the Class B Closing the other Sellers Documents will be, duly and validly executed and delivered by Trustee and Kaufman, and assuming the due authorization, execution and delivery by Purchaser and Parent (and each other party thereto), each of this Agreement and the other Sellers Documents constitute the valid, legal and binding obligation of Trustee and Kaufman, enforceable against them in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium and similar laws affecting creditors' rights and remedies generally, and subject, as to enforceability, to general principles of equity (regardless of whether enforcement is sought in a proceeding at law or in equity).

Section 6.3 Title to Shares

Each Seller is the legal owner of the Shares to be sold by it or him, free and clear of any Encumbrances. Each Seller has valid and marketable title to such Shares, and full legal right, authority and power to sell, transfer and convey such Shares free and clear of any Encumbrances to the Purchaser or the Parent in accordance with the terms of this Agreement

Section 6.4 Securities Law Matters

As of the date hereof and as of the date of the Class A Closing, Kaufman warrants and covenants as set out below with respect to the CEDC Shares constituting the Share Consideration.

(a) Kaufman is an "accredited investor" within the specific definition of such term set forth in Rule 501(a)(5) of Regulation D under the Securities Act.

(b) Kaufman is acquiring the CEDC Shares constituting the Share Consideration for his own account for the purpose of investment and not with a view to, or for sale in connection with, any distribution thereof in violation of the Securities Act;

(c) Kaufman understands, acknowledges and agrees that:

(i) on delivery at the Class A Closing, the CEDC Shares constituting the Share Consideration will not have been registered under the Securities Act;

(ii) the delivery of the CEDC Shares constituting the Share Consideration is intended as a transaction qualifying under Section 4(2) of the Securities Act and Rule 506 of Regulation D promulgated thereunder;

(iii) the CEDC Shares constituting the Share Consideration may not be transferred or resold except pursuant to an effective registration statement or pursuant to an exemption from registration or pursuant to Regulation S (and, in either such case (A) in accordance with all United States federal or state, European Union and other applicable state and foreign securities laws and (B) the transferor/seller shall (1) have notified Parent of the proposed transfer/sale and shall have furnished Parent with a detailed statement of the circumstances surrounding the proposed transfer/sale, provided that such detailed statement is kept confidential and is not disclosed to any other person until prior written consent from Kaufman is given which explicitly authorizes the disclosure of the information in such detailed statement, or (2) provide Parent and Parent's transfer agent with a legal opinion from independent internationally recognized legal counsel experienced in such matters, which legal opinion shall be in customary form reasonably acceptable to Parent and shall state that such transfer/sale is eligible under Rule 144 or is otherwise made in accordance with applicable securities laws);

(iv) the CEDC Shares constituting the Share Consideration will be endorsed with the following legend:

"THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE BEEN OFFERED AND SOLD TO ACCREDITED INVESTORS (AS DEFINED IN REGULATION D UNDER THE SECURITIES ACT OF 1933, AS AMENDED ("THE SECURITIES ACT")) AND WITHOUT REGISTRATION WITH THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT IN RELIANCE UPON REGULATION D PROMULGATED UNDER THE SECURITIES ACT. THE SECURITIES REPRESENTED BY THIS CERTIFICATE MAY NOT BE SOLD OR TRANSFERRED EXCEPT PURSUANT TO REGISTRATION UNDER THE SECURITIES ACT, OR PURSUANT TO AN AVAILABLE EXEMPTION FROM REGISTRATION. HEDGING TRANSACTIONS WITH REGARD TO THESE SECURITIES MAY NOT BE CONDUCTED UNLESS IN COMPLIANCE WITH THE SECURITIES ACT."

(d) Kaufman did not learn of the investment in the CEDC Shares constituting the Share Consideration by means of any form of general or public solicitation or general advertising, or publicly disseminated advertisements or sales literature, including (i) any advertisement, article, notice or other communication published in any newspaper, magazine, or similar media, or broadcast over television or radio, or (ii) any seminar or meeting to which Kaufman was invited by any of the foregoing means of communications.

(e) Kaufman acknowledges that Parent is relying on the representations, warranties and agreements contained in this Section 6.4 in delivering the CEDC Shares constituting the Share Consideration to Kaufman and would not engage in such transaction in the absence of the representations, warranties and agreements

contained herein. Kaufman further acknowledges and agrees that any obligation of Parent herein to deliver the Share Consideration to Kaufman is conditioned upon the accuracy of the representations, warranties and agreements in this Section 6.4 and Kaufman agrees to notify Parent promptly in writing if any representation or warranty in this Section 6.4 ceases to be accurate and complete prior to the Class A Closing.

Section 6.5 Joint Venture Agreement

Kaufman represents and warrants to Parent and Purchaser that, as of the date hereof, the files of the Whitehall Group include copies of the Joint Venture Agreement and all related documentation.

Section 6.6 Employees

Kaufman represents and warrants to Parent and Purchaser that there has been no change in the terms or conditions of employment of any of the employees of Global Management since September 1, 2010, except for any changes permitted under the Heads of Terms, dated November 29, 2010 (as amended by Amendment No.1 to the Heads of Terms, dated December 30, 2010).

Section 6.7 Licenses

Kaufman represents and warrants to Parent and Purchaser that: (i) all material licenses and consents of the Company and each Group Company relating to the Business are in full force and effect; and (ii) the Company and the Group Companies are in compliance with such licenses and consents applicable to them in all material respects.

Section 6.8 Tax Investigations

Kaufman represents and warrants to Parent and Purchaser that, to the knowledge of Kaufman, neither the Company nor any Group Company is subject to any proceedings or investigation in Russia or Cyprus by any Tax Authority that would, if determined adversely to the Company or Group Company, reasonably be expected to result in any material claim for unpaid taxes.

Section 6.9 Warranties Limited

Each of Purchaser and Parent expressly agrees and acknowledges that neither the Sellers nor any of their representatives has made any representation or given any warranty, expressed or implied, of any nature whatsoever relating to the Shares or any Group Company or the Joint Venture or otherwise in connection with the Transaction contemplated hereby other than those representations and warranties expressly set forth in this Article 6. Each of Purchaser and Parent expressly agrees and acknowledges that (except for the representations and warranties expressly set forth in this Article 6) they are acquiring the Class A Shares and Class B Shares and all the indirect interests in the Group Companies on an "**as-is, where-is**" basis. Nothing contained herein shall affect the surviving rights of the Parties under the 2008 SPA, provided that it is expressly acknowledged and agreed that any such rights shall relate solely to the sale of the shares of the Company sold pursuant to the 2008 SPA.

ARTICLE 7
REPRESENTATIONS AND WARRANTIES OF PURCHASER AND PARENT

Parent and Purchaser hereby represent and warrant to Sellers, as of the date hereof and as of the date of the Class B Closing and the Class A Closing (or as of such other date as may be expressly provided in any representation or warranty), as set forth below.

Section 7.1 Organization; Qualification; Solvency

Parent is a company duly incorporated and validly existing under the laws of the State of Delaware in the United States of America. Purchaser is a joint stock company duly incorporated and validly existing under the laws of Poland. Purchaser has all requisite corporate power and authority to carry on its business, as currently conducted. No order has been made, petition presented or resolution passed for the winding up of Purchaser or Parent. No administrator or any receiver or manager has been appointed by any person in respect of Purchaser or Parent or all or any of their respective assets and no voluntary arrangement has been proposed by Purchaser or Parent with respect to such appointment and, to the knowledge of Purchaser and Parent, no steps have been taken by any other person to initiate any such appointment.

Section 7.2 Authorization; Binding Obligations

Each of Parent and Purchaser has all necessary power and authority to make, execute and deliver this Agreement, the other Transaction Documents to which it is a party and all other documents executed by it which are to be delivered at the Class A Closing or the Class B Closing (together, the "**Purchaser Documents**") and to perform all of the obligations to be performed by it hereunder and thereunder. The making, execution, delivery and performance of this Agreement and the other Purchaser Documents and the consummation by Purchaser and Parent of the transactions contemplated hereby and thereby have been duly and validly authorized by all necessary corporate action on the part of Purchaser and Parent, respectively. This Agreement and the Transaction Documents to which it is a party have been and, as of the date of the Class A Closing and the Class B Closing the other Purchaser Documents to which they are a party will be, duly and validly executed and delivered by Purchaser and Parent, and assuming the due authorization, execution and delivery by the other parties hereto and thereto, each of this Agreement and the other Purchaser Documents constitutes the valid, legal and binding obligation of each of Purchaser and Parent, enforceable against it in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium and similar laws affecting creditors' rights and remedies generally, and subject, as to enforceability, to general principles of equity (regardless of whether enforcement is sought in a proceeding at law or in equity).

Section 7.3 Parent Shares

(a) All of the CEDC Shares comprising the Share Consideration as and when issued will at the time of such issuance be duly authorized, validly issued, fully paid and non-assessable and free of preemption rights, will rank *pari passu* with

existing CEDC Shares and will have the right to receive all dividends and other distributions declared or paid after the Class A Closing Date.

(b) At the Class A Closing, Purchaser will deliver to Kaufman good and valid title to all Share Consideration, free and clear of all Encumbrances.

ARTICLE 8
COVENANTS

Section 8.1 Settlement Deed

If the Trustee shall cease to be a trustee of the Trust by whatever means then it shall procure that any successor trustee (a "**New Trustee**") shall prior to its appointment have delivered to the Purchaser a deed of adherence duly executed by the New Trustee containing a direct covenant and undertaking in favor of the Purchaser (on terms approved by the Purchaser such approval not to be unreasonably withheld or delayed) to observe and be bound by the provisions of this Agreement (including this section regarding the appointment of New Trustees).

Section 8.2 Efforts

Subject to the terms and conditions of this Agreement, Trustee and Kaufman, on the one hand, and Purchaser and Parent, on the other hand, shall act in good faith and use its respective commercially reasonable efforts to take, agree to take or cause to be taken, any and all actions and to do, or cause to be done, any and all things necessary, proper or advisable so as to, as promptly as practicable satisfy the conditions set forth in Article 3 and to permit consummation of the transactions contemplated by this Agreement, and each shall, and shall cause its respective Affiliates to, cooperate fully to that end.

Section 8.3 Global Management Employees

(a) For the avoidance of doubt, Global Management is not being acquired by Parent or Purchaser or any Group Company as part of the Transaction

(b) No later that two (2) Business Days prior to the Class B Closing Date, the existing employees of Global Management shall be offered new employment contracts by the Company or its Subsidiaries, on the same terms and conditions as their existing contracts (including, with respect to their salary and benefits, a package that is the same as the aggregate salary and benefits received by the relevant employee from Global Management and MK Management, as of the date immediately prior to the Class B Closing). As of the date of this Agreement, the existing employees have been offered new employment contracts on such comparable terms and most of them have accepted such new contracts with either a January 1, 2011 or a March 1, 2011 starting date.

(c) The list of employees of Global Management and their current compensation, together with the list of employees that have accepted January 1, 2011 and March 1, 2011 starting dates, is attached hereto as Schedule 3.

Section 8.4 Conduct of Business

Subject to applicable law, Kaufman shall procure that during the period from the date of the Class A Closing and the Class B Closing until the effective date of the Termination Agreement, neither the Company nor any Group Company shall do any of the following without the prior written consent of Parent:

(a) enter into, modify or agree to terminate any agreement or arrangement to which the Company or any Group Company is a party or by which it is bound and which is of material importance to the business, profits or assets of the Company and the Whitehall Group on a consolidated basis;

(b) incur any new liability, other than trading liabilities incurred in the ordinary course of business, including but not limited to any bank overdraft or any credit line, except for such bank overdraft or credit line in the amount (not exceeding EUR 18,000,000 individually or in the aggregate) as may be required in the ordinary course of business;

(c) increase or agree to increase the salary or benefits of any of the employees of the Company or the Whitehall Group; or

(d) incur any capital expenditure in a single transaction in excess of US$ 25,000 or in a series of transactions, whether related or not, in excess of US$ 100,000 in the aggregate.

Section 8.5 Non-Competition

From and after the Class B Closing Date until the second anniversary of the Class B Closing Date, neither Kaufman nor any of his Affiliates shall own or conduct any business that produces, imports, markets, promotes or distributes (except at the retail level) in the Russian Federation any wine or spirit that competes with the category of products imported, marketed, promoted or distributed by the Whitehall Group (including the Joint Venture) at the date hereof; provided:

(a) Kaufman shall be permitted to continue to produce, import, market, promote and distribute any wine or spirit under a brand name or trademark that Kaufman, directly or indirectly, owns, provided that such brand name or trademark is duly registered with the competent governmental authority as registered and protected intellectual property, all such brand names and trademarks being specified on Schedule 4;

(b) Kaufman shall be permitted at any time to provide consulting services (with respect to any part of the value chain) to any third party involved in the production, importation, distribution, marketing, promotion or sales of any wines or spirits in the Russian Federation or elsewhere, subject to Kaufman continuing to adhere to the confidentiality restrictions set forth in the Shareholders' Agreement; and

(c) Kaufman shall be permitted at any time to serve on the board of directors, in a non-executive capacity, of any company, including any involved in the production, importation, distribution, marketing, promotion or sales of wines and spirits.

Section 8.6 Registration of Transfer of IP Rights

The Parties shall, at the sole expense of Parent, Purchaser or the Company, (whether before, at or after the Class B Closing Date) do, execute and deliver, or cause to be done, executed and delivered, all such further actions, documents and instruments as may be reasonably required to effect the transfer of the IP Rights from the IP Seller to the transferee designated by Parent; provided that, for the avoidance of doubt, the filing of the registration of the assignment of the IP Rights with Rospatent and the filing of any equivalent registrations with any Governmental Authority in any other jurisdictions shall be the sole responsibility of Parent and Whitehall Center and shall be made at their sole expense.

Section 8.7 Resale of IP Rights

In the event that before the date that is six (6) months after the Class A Closing Date, Parent or any of its Affiliates, including the Company and its subsidiaries, sells or transfers, or enters into an agreement to sell or transfer, the IP Rights, in whole or in part, to any person (other than a direct or indirect wholly-owned subsidiary of Parent) for an amount (including any contingent payments and any in-kind consideration at fair market value) in excess of US$ 20 million then Purchaser shall pay, or cause to be paid, to Kaufman (or his designee) an amount in cash in US Dollars equal to 50% of the excess of such consideration over US$ 20 million within ten (10) Business Days of the receipt of such consideration in connection with such transfer.

Section 8.8 Transitional IP Matters

(a) The Parties acknowledge and agree, and shall cause the IP Seller and Whitehall Center to act accordingly, that from the Class B Closing, Whitehall Center shall be permitted to the use of the "*Kauffman"* name in the name of retail wine & spirit shops, for selling third party products labelled prior to the Class B Closing under the name "*Kauffman private collection*" ("**Existing Kauffman Private Collection Stock**"), and for the use of the "*Jewish Standard*" brand, which permitted use of such names, marks and brands shall be royalty free for the first six months after the Class B Closing Date, and incur a royalty of 5% thereafter; provided such arrangement shall be subject to termination by either party effective at any time on or after the date that is six months after the Class B Closing Date, provided the terminating party shall have given one month's prior written notice; and provided, further, in the event that this arrangement is continued beyond six (6) months, Whitehall Center and the IP Seller will enter into an appropriate licensing agreement to formalize the arrangement.

(b) Parent and Purchaser agree to use their reasonable best efforts to sell the Existing Kauffman Private Collection Stock during the first six months after the Class B Closing. In the event that Parent and Purchaser have not sold all the Existing Kauffman Private Collection Stock during the first six months after the Class B Closing, Parent and Purchase may request that the arrangements described Section 8.8(a) and this Section 8.8(b) be extended for a further six month period in relation to the Existing Kauffman Private Collection Stock.

(c) The Parties acknowledge and agree, and shall cause the IP Seller and Whitehall Center to act accordingly, that during the first six months following the

Class B Closing, the "*Kauffman*" mark shall continue to be used and displayed (for the avoidance of doubt, at Whitehall Center's sole expense and without charging Kaufman or any of its Affiliates for such use) on the packaging and marketing materials of Jewish Standard vodka in exactly the same manner as currently used and displayed.

Section 8.9 "Jewish Standard" (Еврейский Стандарт) Brand

(a) It is expressly agreed that the ownership rights to the "Jewish Standard" brand and related trademarks (the "**Jewish Standard IP Rights**") shall be retained by IP Seller or otherwise by Kaufman or his Affiliates.

(b) Notwithstanding the foregoing, Kaufman undertakes and agrees to cause the IP Seller to permit the Whitehall Group to enjoy the exclusive rights to produce, import, market, promote and distribute vodka under the "*Jewish Standard*" brand and related trademarks in Russia; provided that

(i) the Whitehall group shall continue to pay the owner of the Jewish Standard IP Rights a royalty of 0% for the first six months following the Class B Closing and 5% thereafter on its sales of Jewish Standard Vodka, and

(ii) this arrangement shall be automatically extended until the first anniversary of the Class B Closing Date, on the same terms and conditions, unless terminated by either party effective at any time on or after the date that is six months after the Class B Closing Date, provided the terminating party shall have given one month's prior written notice.

(c) In addition, for as long as the arrangements in Section 8.9(b) continue it is agreed as follows:

(i) any export from Russia of any vodka branded under the Jewish Standard brand, or entry into any new or continuation of any existing export agreement shall be subject to the prior written consent of the IP Seller, except for such vodka exports as are being undertaken as of the date of this Agreement;

(ii) any entry into any agreement with respect to the production, sale, promotion, distribution or marketing of any vodka under the Jewish Standard brand in Russia (including the duty-free market) later than six months after the Class B Closing Date, or the continuation of any such existing agreement beyond six months after the Class B Closing Date shall be subject to the prior written consent of the IP Seller; and

(iii) Whitehall shall: (i) use the same professional standard of care in managing and protecting the Jewish Standard brand as it would in managing and protecting its own brands; (ii) continue to provide reasonable marketing support for the Jewish Standard brand (provided that such support shall not cause the Whitehall group to

incur any losses in connection with the exploitation of the Jewish Standard brand) and use commercially reasonable efforts to ensure that sales remain at the same level as prior to the Class A Closing; and (iii) manage raw material and finished goods inventory in the ordinary course consistent with past practice so as not to create unreasonable inventories.

(d) On termination of the arrangements in Section 8.9(b) all the unsold inventory of finished product, as well as any raw materials and point-of-sales materials, shall be sold to the IP Seller (or to such other person as the IP Seller shall designate) at its historic cost price plus 10%; provided that, notwithstanding anything in Section 8.9(b) to the contrary, in the event that Parent and Purchaser have not sold substantially all the raw material and finished goods inventory relating to the Jewish Standard brand as at the Class B Closing (the "**Existing Jewish Standard Inventory**") by the date that is six months after the Class B Closing, Kaufman may require that the arrangements described in Section 8.9(c) be extended for a further six month period in respect of the Existing Jewish Standard Inventory.

Section 8.10 No Right to Use Kaufman Name or Reputation

(a) Notwithstanding the transfer of the IP Rights, the Parties expressly agree that from and after the Class A Closing, none of Parent, Purchaser, the Company or any of their respective Affiliates or representatives shall:

(i) use or refer to "Mark Kaufman" in relation to the IP Rights or their associated products or more generally in relation to the business of the Whitehall Group, including, without limitation, any reference to "Mark Kaufman" in the press, the broadcast media, by means of the internet, in any point-of-sales materials, any labeling or other text on any products or packaging, without the prior written consent of Kaufman; or

(ii) represent, hold out or otherwise imply, or fail to correct any public misunderstanding (that has been notified to them in writing by Kaufman), that Kaufman has any continuing connection to or affiliation with the IP Rights, the Company or any of its subsidiaries or any of their respective businesses,

provided, however, that nothing contained herein shall restrict Parent or Purchaser or Kaufman from making any public disclosure concerning their acquisition of the Company and/or the Group and/or the IP Rights from Kaufman and/or Trustee.

(b) Parent and Purchaser covenant and agree that they shall cause any third-party transferee of the IP Rights to be bound by the foregoing obligation, which shall be an express condition of any agreement relating to any such transfer and which Kaufman shall be entitled to enforce as a third party beneficiary.

(c) Parent and Purchaser agree to indemnify Kaufman and hold him harmless against any damages or losses (including reasonable fees and expenses of legal counsel) incurred by Kaufman as a result of any third-party claims arising out of or in connection with any breach of the foregoing obligations.

(d) Purchaser and Parent expressly acknowledge and accept that undertakings substantially similar to the foregoing have been included in the Supplemental Agreement, dated November 29, 2010, by and among IP Seller, Whitehall Center and Kaufman, a copy of which is attached hereto as Schedule 2B.

ARTICLE 9
TERMINATION

Section 9.1 Termination

This Agreement may be terminated and the transactions contemplated hereby may be abandoned at any time before the date of the Class B Closing only:

(a) By the mutual written consent of Parent, on behalf of itself and Purchaser, on the one hand, and Kaufman, on behalf of itself and Trustee, on the other hand.

(b) By either Parent, on behalf of itself and Purchaser, or Kaufman, on behalf of itself and Trustee, upon notification of the non-terminating Party by the terminating Party, if any permanent injunction or action by any Governmental Authority of competent jurisdiction prohibiting consummation of the transactions contemplated by this Agreement shall have been issued or taken and shall have become final and non-appealable.

Section 9.2 Effect of Termination

If this Agreement is terminated, no Party hereto (or any of its Representatives) will have any liability or further obligation under this Agreement to any other Party to this Agreement, except for (i) any liability that shall have accrued prior to such termination, (ii) any liability arising out of any knowing, willful or fraudulent breach of this Agreement prior to such termination and (iii) the obligations set forth in Article 10, which shall survive termination.

ARTICLE 10
MISCELLANEOUS

Section 10.1 Notices

(a) Any notice or other communications required or permitted to be given to any Party under or in connection with this Agreement (each a "**Notice**") shall be in writing in the English language and signed on or on behalf of the Party giving the Notice and marked for the attention of the relevant Party. A Notice may be delivered personally or sent by fax (with telephone confirmation), pre-paid recorded delivery or pre-paid registered airmail to the address or fax number set out below (or at such other address or facsimile number as the Party shall furnish the other parties by Notice in accordance with this Section 10.1):

(b) If to Trustee:

Barclays Wealth Trustees (Jersey) Limited
39-41, Broad Street

St. Helier, JE4 5PS Jersey
Channel Islands

Attn: Robert Kerley

Facsimile: +44 (0)1534 873 526
Telephone confirmation: +44 (0)1534 711 146

With a copy to:

Darrois Villey Maillot Brochier
69 avenue Victor Hugo
75116 PARIS
FRANCE

Attn: Ben Burman

Facsimile: + 33 1 45 02 49 59
Telephone confirmation: + 33 1 45 02 19 19

(c) If to Kaufman:

OOO Global Management
33, bld.5, Dmitrovskoye Shosse
Moscow, 127550
Russian Federation

Attn: Mark Kaufman

Facsimile: + 7 495 786 7600
Telephone confirmation: + 7 495 977 7000

With a copy to:

Darrois Villey Maillot Brochier
69 avenue Victor Hugo
75116 PARIS
FRANCE

Attn: Ben Burman

Facsimile: + 33 1 45 02 49 59
Telephone confirmation: + 33 1 45 02 19 19

(d) If to Purchaser:

Polmos Bialystok S.A.
ul. Elewatorska No. 20
15-950 Bialystok
Poland

Attn: President of the Management Board

Facsimile: +48 85 662 7307
Telephone confirmation: + 48 85 651 0496

With a copy to:

Central European Distribution Corporation
ul. Bobrowiecka 6 00-728 Warszawa
Poland

Attn: William V. Carey

Facsimile: +48 22 455 1810
Telephone confirmation: +48 22 488 3400

With a copy to:

Dewey & LeBoeuf LLP
1 Minster Court
Mincing Lane
London EC3R 7YL
England

Attn: Stephen J. Horvath

Facsimile: +44 20 7444 7356
Telephone confirmation: +44 20 7459 5000

(e) If to Parent:

Central European Distribution Corporation
ul. Bobrowiecka 6
00-728 Warszawa
Poland

Attn: William V. Carey

Facsimile: +48 22 455 1810
Telephone confirmation: +48 22 488 3400

And a copy to:

Dewey & LeBoeuf LLP
1 Minster Court
Mincing Lane
London EC3R 7YL
England

Attn: Stephen J. Horvath

Facsimile: +44 20 7444 7356
Telephone confirmation: +44 20 7459 5000

(f) A Notice shall be deemed to have been received:

(i) at the time of delivery if delivered personally;

(ii) at the time of transmission (if such transmission is confirmed) if sent by fax;

(iii) two (2) Business Days after the time and date of mailing if sent by pre-paid inland registered mail; or

(iv) five (5) Business Days after the time and date of mailing if sent by pre-paid registered airmail;

(v) provided that if deemed receipt of any Notice occurs after 6:00 p.m. or is not on a Business Day, deemed receipt of the Notice shall be 9:00 a.m. on the next Business Day. References to time in this Section 10.1 are to local time in the country of the addressee.

Section 10.2 Governing Law

This Agreement shall be governed by and construed in accordance with the laws of the State of New York in the United States of America applicable to agreements made and to be performed entirely within such State, without regard to the conflict of laws principles of such State.

Section 10.3 Dispute Resolution; Consent to Arbitration

(a) If any dispute, controversy or claim arises out of or in connection with this Agreement or any other Transaction Document, including any question regarding its existence, validity, termination or interpretation (a "**Dispute**") the Parties shall use all commercially reasonable efforts to resolve the matter amicably. If one Party gives the other notice that a Dispute has arisen and the Parties are unable to resolve the Dispute within thirty (30) days of service of such notice then the Dispute shall be referred to Kaufman and the CEO of Parent who shall attempt to resolve the Dispute. No Party shall be entitled to resort to arbitration against another under this Agreement until thirty (30) days after such referral.

(b) All Disputes, which are unresolved pursuant to Section 10.3(a) and which a Party wishes to have resolved, shall be referred upon the application of any Party to and finally settled under the Rules of Arbitration of the International Chamber of Commerce (the "**Rules**") in force at the date of this Agreement, which Rules are deemed to be incorporated by reference in this Section 10.3. The number of arbitrators shall be three (3), appointed in accordance with the Rules. The seat of the arbitration shall be Paris, France. The language of the arbitration shall be English.

(c) The arbitrators shall have the power to grant any legal or equitable remedy or relief available under law, including but not limited to injunctive relief, whether interim and/or final, and specific performance, and any measures ordered by the arbitrators may be specifically enforced by any court of competent jurisdiction. Each Party retains the right to seek interim or provisional measures, including but not limited to injunctive relief and including but not limited to pre-arbitral attachments or injunctions, from any court of competent jurisdiction, and any such request shall not

be deemed incompatible with the agreement to arbitrate or a waiver of the right to arbitrate.

(d) The Parties agree that any arbitral proceedings under this Agreement and any arbitral proceedings under any of the other Transaction Documents (including as amended from time to time) may (to the extent the arbitral tribunal considers appropriate given the subject matter of the particular dispute) be consolidated or be heard together concurrently before the same arbitral tribunal. The Parties further agree that any arbitral tribunal constituted under this Agreement shall have the power to order consolidation of proceedings or concurrent hearings.

Section 10.4 Counterparts

This Agreement may be executed by the Parties in counterparts which may be delivered by facsimile transmission. Each counterpart when so executed and delivered shall be deemed an original, and all such counterparts taken together shall constitute one and the same instrument.

Section 10.5 Entire Agreement

(a) This Agreement, together with the Transaction Documents, and all annexes, exhibits and schedules hereto and thereto, constitute the entire agreement of the Parties with respect to the subject matter hereof and supersede in their entirety all prior agreements (written or oral) with respect thereto, including the Heads of Terms, dated November 29, 2010, Amendment No.1 to the Heads of Terms, dated December 30, 2010 and the Shareholders' Agreement, provided, however, that the following shall survive and shall not be superseded by this Agreement:

(i) Article IX (Confidentiality) and Article XII (Miscellaneous) of the Shareholders' Agreement; and

(ii) any surviving provisions of the 2008 SPA.

(b) The Parties intend that this Agreement shall constitute the complete and exclusive statement of its terms and that no extrinsic evidence whatsoever may be introduced in any judicial proceeding involving this Agreement.

Section 10.6 Amendment, Modification and Waiver

No amendment to or modification of this Agreement shall be effective unless it shall be in writing and signed by each Party. Any failure of a Party to comply with any obligation, covenant, agreement or condition contained in this Agreement may be waived by the Party entitled to the benefits thereof only by a written instrument duly executed and delivered by the Party granting such waiver, but such waiver or failure to insist upon strict compliance with such obligation, covenant, agreement or condition shall not operate as a waiver of, or estoppel with respect to, any subsequent or other failure of compliance.

Section 10.7 Severability

If any term, provision, agreement, covenant or restriction of this Agreement is held by a court of competent jurisdiction or other authority to be invalid, void or

unenforceable, the remainder of the terms, provisions, agreements, covenants and restrictions of this Agreement shall remain in full force and effect and shall in no way be affected, impaired or invalidated so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any Party. Upon such a determination, the Parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in a reasonably acceptable manner in order that the transactions contemplated hereby may be consummated as originally contemplated to the fullest extent possible.

Section 10.8 No Right of Set-Off

(a) The Purchaser and Parent expressly agree that they shall have no right to set-off all or a part of their respective obligations to make any payment hereunder (including: the Cash Consideration; the aggregate Daily Penalty, if any; the Share Price Indemnity, if any; and the Rule 144 Indemnity, if any) or to deliver the Share Consideration or to prepare and file the Registration Statement against any amount that the Sellers owe or may owe to Purchaser or Parent, or that Purchaser or Parent may at any time hereafter claim that Kaufman may owe to Purchaser or Parent.

(b) To the fullest extent permitted by applicable law, each of Purchaser and Parent undertakes not to raise any right of set-off as a defense or excuse for the non-fulfillment of any of their respective payment or performance obligations.

Section 10.9 Successors and Assigns; No Third-Party Beneficiaries

This Agreement and all its provisions shall be binding upon and inure to the benefit of the Parties and their respective permitted successors and assigns. Nothing in this Agreement, whether expressed or implied, will confer on any person, other than the Parties hereto or their respective permitted successors and assigns, any rights, remedies or obligations. No Party may assign its rights or obligations under this Agreement without the prior written consent of the other Parties hereto (which consent may not be unreasonably withheld) and any purported assignment without such consent shall be void; provided that Purchaser may, without the consent of the Sellers, assign any or all of its rights or obligations hereunder to any of its Affiliates (although no such assignment shall relieve Purchaser of its obligations to the Sellers hereunder).

Section 10.10 Publicity

Except for any notice which is required by applicable law or regulation or by a Governmental Authority, Kaufman, Parent and Purchaser each agree that neither it nor any of its Affiliates will issue a press release or make any other public statement with respect to this Agreement or the other Transaction Documents or the transactions contemplated hereby or thereby without the prior written consent of the other, which consent will not be unreasonably withheld or delayed. Kaufman, Parent and Purchaser each agree, to the extent possible and legally permissible, to notify and consult with the other at least twenty-four (24) hours in advance of issuing any press release or making any other public statement.

Section 10.11 Expenses

Except as otherwise expressly stated in this Agreement (including Section 8.6), and except for the Registration and Non-Registration Expenses (as defined in the Old Registration Rights Agreement) which shall be borne solely by Parent, any costs, expenses, or charges incurred by any of the Parties in connection with the negotiation, preparation and performance of this Agreement shall be borne by the Party incurring such cost, expense or charge whether or not the series of transactions contemplated hereby or thereby shall be consummated.

Section 10.12 Specific Performance and Other Equitable Relief

The Parties hereby expressly recognize and acknowledge that immediate, extensive and irreparable damage would result, no adequate remedy at law would exist and damages would be difficult to determine in the event that any provision of this Agreement is not performed in accordance with its specific terms or otherwise breached. Therefore, in addition to, and not in limitation of, any other remedy available to the Parties, an aggrieved Party under this Agreement would be entitled to specific performance of the terms hereof and immediate injunctive relief, without the necessity of proving the inadequacy of money damages as a remedy. Such remedies and any and all other remedies provided for in this Agreement shall, however, be cumulative in nature and not exclusive and shall be in addition to any other remedies whatsoever which any Party may otherwise have.

IN WITNESS WHEREOF, each party hereto has caused this Agreement to be duly executed on its behalf as of the day and year first above written.

BARCLAYS WEALTH TRUSTEES (JERSEY) LIMITED in its capacity as Trustee of THE FIRST NATIONAL TRUST

By: /s/ Les Cunliffe
Name: Les Cunliffe
Title: Director

By: /s/ Bernard Quant
Name: Bernard Quant
Title: Director

MARK KAUFMAN

/s/ Mark Kaufman

POLMOS BIALYSTOK S.A.

By: /s/ Evangelos Evangelou
Name: Evangelos Evangelou
Title: Member of the Management Board

By: /s/ Christopher Biedermann
Name: Christopher Biedermann
Title: Member of the Management Board

CENTRAL EUROPEAN DISTRIBUTION CORPORATION

By: /s/ William V. Carey
Name: William V. Carey
Title: Chairman, President and Chief Executive Officer

Schedule 1

IP Rights

INVENTIONS

No.	Registration number	Date of application	Date of publication	Description
1.	2222246	07.06.2002	27.01.2004	GLASS CONTAINER BOX
2.	2195482	21.03.2001	27.12.2002	VODKA ZHESTKAYA (HARD VODKA)
3.	2195485	21.03.2001	27.12.2002	VODKA
4.	2193055	21.03.2001	20.11.2002	VODKA
5.	2197520	21.03.2001	27.01.2003	VODKA “MYAGKAYA” (“SOFT” VODKA)
6.	2197521	21.03.2001	27.01.2003	VODKA OSOBAYA (SPECIAL VODKA)
7.	2195483	21.03.2001	27.12.2002	VODKA
8.	2193056	21.03.2001	20.11.2002	VODKA

INDUSTRIAL DESIGNS

No.	Registration number	Date of application	Date of registration	Description
1.	52036	20.07.2001	16.03.2003	Bottle (two variants)
2.	52037	20.07.2001	16.03.2003	Bottle (two variants)

INDUSTRIAL DESIGNS

No.	Registration number	Date of application	Date of registration	Visualization	List of Goods in respect of which the exclusive rights are being alienated
1.	185352	09.11.1999	03.03.2000	KAUFFMAN	all goods of the 33rd class by ICGS, certain goods of the 32nd class by ICGS, more specifically: beer
2	229795	18.06.2001	02.12.2002	Kauffman	all goods of the 33rd class by ICGS, certain goods of the 32nd class by ICGS, more specifically: beer
3.	241079	14.10.2002	25.03.2003		all goods of the 33rd class by ICGS, certain goods of the 32nd class by ICGS, more specifically: beer
4.	242940	14.10.2002	10.04.2003		all goods of the 33rd class by ICGS, certain goods of the 32nd class by ICGS, more specifically: beer
5.	249573	23.09.2002	24.06.2003		all goods of the 33rd class by ICGS
6.	259217	23.09.2002	24.11.2003		all goods of the 33rd class by ICGS
7.	287799	28.04.2004	26.04.2005	KAUFFMAN COLLECTION	all goods of the 33rd class by ICGS, certain goods of the 32nd class by ICGS, more specifically: beer
8.	361226	13.07.2007	06.10.2008	KAUFFMAN	all goods of the 33rd class by ICGS, certain goods of the 32nd class by ICGS, more specifically: beer
9.	363811	25.10.2007	06.11.2008	Kauffman ВИНТАЖНАЯ	all goods of the 33rd class by ICGS
10.	394320	28.08.2008	20.11.2009	Kauffman	certain goods of the 32nd class by ICGS, more specifically: beer
11.	404049	09.12.2008	18.03.2010		certain goods of the 32nd class by ICGS, more specifically: beer
12.	404050	09.12.2008	18.03.2010		certain goods of the 32nd class by ICGS, more specifically: beer
13.	414371	01.09.2008	23.07.2010	KAUFFMAN	certain goods of the 32nd class by ICGS, more specifically: beer

Schedule 2

Russian IP Transfer Agreement

Schedule 2A

International IP Transfer Agreement

Schedule 2B

Supplemental Agreement No.1

42

Schedule 3

Employees of Global Management and their current compensation

Schedule 4

Registered Brands and Trademarks held, directly or indirectly, by Mark Kaufman

1. Еврейский Стандарт
2. Русская Сила, Russian Power – Russkaya sila
3. Русская нежность
4. Петровская Слава, Peter's glory
5. Progressive Daddy
6. SCHELKUR
7. Планета вин

Schedule 5

Calculation of Management Fees and Salary and Payroll Taxes

The following Table A sets forth the calculation of the reduced Management Fees to be paid to Global Management, pursuant to the terms of the Termination Agreement, for the months of January and February 2011 and for the period from March 1 to March 9, 2011:

Table A

	January 2011	February 2011	March 2011 (1.03-9.03)**
Management Fee due under original Management Agreement*	19 037 500p.	19 037 500p.	5 527 016p.
Amount of decrease per month* (See Table B for calculation)	7 340 089p.	7 136 054p.	2 416 384p.
Management fees per month after decrease*	11 697 411p.	11 901 446p.	3 110 632p.

* Excluding VAT
** pro rata on daily basis

The following Table B sets out the calculation of the salary and payroll taxes that have been or will be paid directly by Whitehall for the months of January and February 2011 and for the period from March 1 to March 9, 2011 in respect of the employees that have been transferred from Global Management to Whitehall. In aggregate these total the amount by which the management fee has been reduced as set forth in the Termination Agreement.

Exhibit 4.22

SECOND SUPPLEMENTAL INDENTURE

SECOND SUPPLEMENTAL INDENTURE, dated as of December 8, 2010, among (i) CEDC FINANCE CORPORATION INTERNATIONAL, INC. (the "Issuer"), (ii) CENTRAL EUROPEAN DISTRIBUTION CORPORATION (the "Parent"), (iii) the Guarantors, in addition to the Parent, listed on Schedule I hereto (the "Guarantors"), (iv) DEUTSCHE TRUSTEE COMPANY LIMITED, as Trustee (the "Trustee"), (v) DEUTSCHE BANK AG, LONDON BRANCH, as Polish Security Agent (the "Polish Security Agent") and (vi) TMF TRUSTEE LIMITED, as Security Agent (the "Security Agent").

W I T N E S S E T H:

WHEREAS, reference is made to that certain Indenture, dated as of December 2, 2009 (as amended and supplemented, the "Indenture"), among the Issuer, the Parent, the Guarantors, the Trustee, the Registrars, the Transfer Agents, the Paying Agents, the Principal Paying Agent, the Polish Security Agent and the Security Agent, with respect to the Issuer's 9.125% Senior Secured Notes and 8.875% Senior Secured Notes, each due 2016 (collectively, the "Notes");

WHEREAS, pursuant to Section 9.1(c)(1) of the Indenture, the Issuer, the Guarantors, the Trustee, the Security Agent and/or the Polish Security Agent are authorized to amend or supplement the Indenture, without the consent of any Holder, to cure any ambiguity, mistake, omission, defect or inconsistency;

WHEREAS, the Issuer, the Parent, the Guarantors, the Trustee, the Polish Security Agent and the Security Agent desire to amend and supplement the Indenture pursuant to Section 9.1(c)(1) of the Indenture; and

WHEREAS, each party hereto has duly authorized the execution and delivery of this Second Supplemental Indenture and has done all things necessary to make this Second Supplemental Indenture a valid agreement in accordance with its terms.

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt of which is hereby acknowledged, the Issuer, the Parent, the Guarantors, the Trustee, the Polish Security Agent and the Security Agent mutually covenant and agree as follows:

SECTION 1. Definitions. Capitalized terms used herein without definition shall have the meanings ascribed to them in the Indenture.

SECTION 2. Amendment to the Indenture. Section 6.1(11) of the Indenture is hereby deleted in its entirety and replaced with the following:

"(a) the Parent or any of its Significant Subsidiaries (or any group of Subsidiaries which together would constitute a Significant Subsidiary), pursuant to or within the meaning of Bankruptcy Law:

(i) commences a voluntary case or proceeding, or any other case or proceeding to be adjudicated bankrupt or insolvent, or consents to the filing of a petition, application, answer or consent seeking reorganization or relief;

(ii) consents to the entry of an order or decree for relief against it in an involuntary case or proceeding, or to the commencement of any bankruptcy or insolvency case or proceeding against it;

(iii) consents to the appointment of, or taking possession by, a custodian, receiver, liquidator, administrator, supervisor, assignee, trustee, sequestrator (or other similar official) of it or for any substantial part of its property;

(iv) makes a general assignment for the benefit of its creditors; or

(v) admits in writing its inability to pay its debts generally as they become due; or

(b) a court of competent jurisdiction enters an order or decree under Bankruptcy Law that:

(i) is for relief against the Parent or any of its Significant Subsidiaries (or any group of Subsidiaries which together would constitute a Significant Subsidiary) in an involuntary case;

(ii) adjudges the Parent or any of its Significant Subsidiaries (or any group of Subsidiaries which together would constitute a Significant Subsidiary) bankrupt or insolvent, or seeks reorganization, arrangement, adjustment or composition of or in respect to the Parent or any of its Significant Subsidiaries (or any group of Subsidiaries which together would constitute a Significant Subsidiary);

(iii) appoints a custodian, receiver, liquidator, administrator, supervisor, assignee, trustee, sequestrator (or other similar official) of the Parent or any of its Significant Subsidiaries (or any group of Subsidiaries which together would constitute a Significant Subsidiary) or for all or substantially all of the property of the Parent of any of its Significant Subsidiaries (or any group of Subsidiaries which together would constitute a Significant Subsidiary); or

(iv) orders the winding-up or liquidation of the Parent or any of its Significant Subsidiaries (or any group of Subsidiaries which together would constitute a Significant Subsidiary);

and the order or decree remains unstayed and in effect for 60 consecutive days."

SECTION 3. Parties. Nothing expressed or mentioned herein is intended or shall be construed to give any Person, firm or corporation, other than the Holders, the Trustee, the Polish Security Agent and the Security Agent, any legal or equitable right, remedy or claim under or in respect of this Second Supplemental Indenture or the Indenture or any provision herein or therein contained.

SECTION 4. Governing Law. This Second Supplemental Indenture shall be governed by the laws of the State of New York.

SECTION 5. Severability Clause. In case any provision in this Second Supplemental Indenture shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby and such provision shall be ineffective only to the extent of such invalidity, illegality or unenforceability.

SECTION 6. Ratification of Indenture; Second Supplemental Indenture Part of Indenture. Except as expressly amended hereby, the Indenture is in all respects ratified and confirmed and all the terms, conditions and provisions thereof shall remain in full force and effect. This Second Supplemental Indenture shall form a part of the Indenture for all purposes, and every Holder of a Note heretofore or hereafter authenticated and delivered shall be bound hereby. The Trustee makes no representation or warranty as to the validity or sufficiency of this Second Supplemental Indenture.

SECTION 7. Counterparts. The parties hereto may sign one or more copies of this Second Supplemental Indenture in counterparts, all of which together shall constitute one and the same agreement.

SECTION 8. Headings. The headings of the Sections in this Second Supplemental Indenture are for convenience of reference only and shall not be deemed to alter or affect the meaning or interpretation of any provisions hereof.

SECTION 9. Successors. All covenants and agreements in this Second Supplemental Indenture by the parties hereto shall bind their successors and assigns, whether so expressed or not.

SECTION 10. Trustee, Security Agent and Polish Security Agent. The Trustee, the Security Agent and the Polish Security Agent shall not be responsible in any manner whatsoever for or in respect of the validity or sufficiency of this Second Supplemental Indenture or for or in respect of the recitals contained herein, all of which recitals have been made solely by the Issuer and the Guarantors. The Issuer and the Guarantors shall reimburse the Trustee, the Security Agent and the Polish Security Agent to the same extent as under Section 7.6 of the Indenture for any disbursements, expenses and advances (including reasonable fees and expenses of its counsel) incurred by the Trustee, the Security Agent and/or the Polish Security Agent arising out of or in connection with its execution and performance of this Second Supplemental Indenture. This provision shall survive the final payment in full of the Notes and the resignation or removal of the Trustee, the Security Agent and/or the Polish Security Agent.

IN WITNESS WHEREOF, the parties hereto have caused this Second Supplemental Indenture to be duly executed as of the date first above written.

CEDC FINANCE CORPORATION INTERNATIONAL, INC. as the Issuer

By: /s/ William V. Carey
Name: William V. Carey
Title: President

CENTRAL EUROPEAN DISTRIBUTION CORPORATION as the Parent

By: /s/ William V. Carey
Name: William V. Carey
Title: President and Chief Executive Officer

BOLS HUNGARY KFT. as a Guarantor

By: /s/ Mariusz Chrobot
Name: Mariusz Chrobot
Title: Managing Director

BRAVO PREMIUM LLC, as a Guarantor

By: /s/ Stewart Andrew Hainsworth
Name: Stewart Andrew Hainsworth
Title: General Director

CEDC FINANCE CORPORATION, LLC as a Guarantor

By: /s/ William V. Carey
Name: William V. Carey
Title: President

CEDC INTERNATIONAL SP. Z O.O. as a Guarantor

By: /s/ William V. Carey
Name: William V. Carey
Title: President

COPECRESTO ENTERPRISES LIMITED as a Guarantor

By: /s/ William V. Carey
Name: William V. Carey
Title: Director

JELEGAT HOLDINGS LIMITED as a Guarantor

By: /s/ William V. Carey
Name: William V. Carey
Title: Director

JSC "DISTILLERY TOPAZ" as a Guarantor

By: /s/ Carlo Radicati di Primeglio
Name: Carlo Radicati di Primeglio
Title:

JSC "RUSSIAN ALCOHOL GROUP" as a Guarantor

By: /s/ Carlo Radicati di Primeglio
Name: Carlo Radicati di Primeglio
Title:

LATCHEY LIMITED as a Guarantor

By: /s/ Christopher Biedermann
Name: Christopher Biedermann
Title: Director

By: /s/ Entgkar Antoniadis
Name: Entgkar Antoniadis
Title: Director

LIMITED LIABILITY COMPANY "THE TRADING HOUSE RUSSIAN ALCOHOL" as a Guarantor

By: /s/ Yablovok Evgeniy Vladimirovich
Name: Yablovok Evgeniy Vladimirovich
Title: General Director

LION/RALLY LUX 1 S.A. as a Guarantor

By: /s/ William V. Carey
Name: William V. Carey
Title: Director

By: /s/ Richard Brekelmans
Name: Richard Brekelmans
Title: Director B

LION/RALLY LUX 2 S.À R.L. as a Guarantor

By: /s/ William V. Carey
Name: William V. Carey
Title: Director

By: /s/ Richard Brekelmans
Name: Richard Brekelmans
Title: Manager B

LION/RALLY LUX 3 S.À R.L. as a Guarantor

By: /s/ William V. Carey
Name: William V. Carey
Title: Director

By: /s/ Richard Brekelmans
Name: Richard Brekelmans
Title: Manager B

LUGANO HOLDING LIMITED as a Guarantor

By: /s/ Spyroulla Papaeracleous
Name: Spyroulla Papaeracleous
Title: Director

By: /s/ Arta Antoniou
Name: Arta Antoniou
Title: Director

MID-RUSSIAN DISTILLERIES as a Guarantor

By: /s/ Zhangozin Kairat Nakoshevich
Name: Zhangozin Kairat Nakoshevich
Title: General Director

OOO "FIRST TULA DISTILLERIES" as a Guarantor

By: /s/ Carlo Radicati di Primeglio
Name: Carlo Radicati di Primeglio
Title:

OOO "GLAVSPIRTTIREST" as a Guarantor

By: /s/ Carlo Radicati di Primeglio
Name: Carlo Radicati di Primeglio
Title:

OOO PARLIAMENT DISTRIBUTION as a Guarantor

By: /s/ Carlo Radicati di Primeglio
Name: Carlo Radicati di Primeglio
Title:

OOO PARLIAMENT PRODUCTION as a Guarantor

By: /s/ Carlo Radicati di Primeglio
Name: Carlo Radicati di Primeglio
Title:

PASALBA LIMITED
as a Guarantor

By: /s/ Christopher Biedermann
Name: Christopher Biedermann
Title: Director

By: /s/ Arjan Schaapman
Name: Arjan Schaapman
Title: Director

PRZEDSIEBIORSTWO „POLMOS" BIALYSTOK S.A.
as a Guarantor

By: /s/ Evangelos Evangelou
Name: Evangelos Evangelou
Title: Member of Management Board

By: /s/ Christopher Biedermann
Name: Christopher Biedermann
Title: Member

PWW SP. Z O.O.
as a Guarantor

By: /s/ Evangelos Evangelou
Name: Evangelos Evangelou
Title: President

SIBIRSKY LVZ
as a Guarantor

By: /s/ Carlo Radicati di Primeglio
Name: Carlo Radicati di Primeglio
Title:

DEUTSCHE TRUSTEE COMPANY LIMITED
as Trustee

By: /s/ R. Bebb
Name: R. Bebb
Title: Associate Director

By: /s/ S. Ferguson
Name: S. Ferguson
Title: Associate Director

DEUTSCHE BANK AG, LONDON BRANCH
as Polish Security Agent

By: /s/ R. Bebb
Name: R. Bebb
Title: Vice President

By: /s/ S. Ferguson
Name: S. Ferguson
Title: Vice President

TMF TRUSTEE LIMITED
as Security Agent

By: /s/ Simon Ducklin
Name: Simon Ducklin
Title: Attorney

Signature Page to Second Supplemental Indenture

SCHEDULE I
TO THE SECOND SUPPLEMENTAL INDENTURE

GUARANTORS

	NAME	JURISDICTION OF INCORPORATION
1.	Bols Hungary Kft.	Hungary
2.	Bravo Premium LLC	Russia
3.	CEDC Finance Corporation, LLC	United States of America
4.	CEDC International Sp. z o.o.	Poland
5.	Copecresto Enterprises Limited	Cyprus
6.	Jelegat Holdings Limited	Cyprus
7.	JSC “Distillery Topaz”	Russia
8.	JSC “Russian Alcohol Group”	Russia
9.	Latchey Limited	Cyprus
10.	Limited Liability Company “The Trading House Russian Alcohol”	Russia
11.	Lion/Rally Lux 1 S.A.	Luxembourg
12.	Lion/Rally Lux 2 S.à.r.l.	Luxembourg
13.	Lion/Rally Lux 3 S.à.r.l.	Luxembourg
14.	Lugano Holding Limited	Cyprus
15.	Mid-Russian Distilleries	Russia
16.	OOO “First Tula Distilleries”	Russia
17.	OOO “Glavspirttirest”	Russia
18.	OOO Parliament Distribution	Russia
19.	OOO Parliament Production	Russia
20.	Pasalba Limited	Cyprus
21.	Przedsiebiorstwo „Polmos” Bialystok S.A.	Poland
22.	PWW Sp. z o.o.	Poland
23.	Sibirsky LVZ	Russia

Exhibit 4.23

REGISTRATION RIGHTS AGREEMENT

This REGISTRATION RIGHTS AGREEMENT, dated as of February 7, 2011 (this "**Agreement**"), is between (i) CENTRAL EUROPEAN DISTRIBUTION CORPORATION, a Delaware corporation (the "**Company**"), and (ii) MARK KAUFMAN (the "**Initial Shareholder**", and collectively with the Initial Shareholder, the "**Parties**", and each individually, a "**Party**").

WHEREAS, on the date hereof, the Initial Shareholder has been issued the number of shares of common stock, par value $0.01 per share, of the Company ("**Common Stock**") set forth on Schedule A attached hereto (collectively, the "**Shares**"), in connection with the Company's purchase from the Initial Shareholder and Barclays Wealth Trustees (Jersey) Limited, in its capacity as trustee of The First National Trust (together with the Initial Shareholder, the "**Sellers**") of (i) 3,751 Class A Shares, par value $1.00 per share, of Peulla Enterprises Limited, a private limited liability company by shares organized under the laws of Republic of Cyprus ("**Peulla**"), and (ii) 1,500 Class B Shares, par value $1.00 per share, of Peulla pursuant to that certain Share Sale and Purchase Agreement, dated as of February 7, 2011, by and among the Company, the Sellers and Polmos Bialystok S.A. (the "**Purchase Agreement**");

WHEREAS, the Shares constitute the Share Consideration (as defined in the Purchase Agreement);

WHEREAS, the Shares have not been registered under the Securities Act (as hereinafter defined) or any state securities laws; and the certificates representing such shares of Common Stock bear a legend restricting their transfer; and

WHEREAS, in connection with the foregoing, the Company has agreed, subject to the terms, conditions and limitations set forth in this Agreement, to provide the Shareholder with certain registration rights in respect of the Shares.

NOW, THEREFORE, in consideration of the mutual covenants and promises contained herein, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS

1.1 Definitions. Capitalized words and phrases used and not otherwise defined in this Agreement shall have the following meanings:

"**100% Affiliate**" means, with respect to any Shareholder, an Affiliate (i) that directly or indirectly owns one hundred per cent of the securities of such Shareholder, (ii) one hundred per cent of whose securities are directly or indirectly owned by such Shareholder, or (iii) one hundred per cent of whose securities are directly or indirectly owned by an Affiliate that directly or indirectly owns one hundred per cent of the securities of such Shareholder; provided that for so long as the Initial Shareholder

remains the primary beneficiary and protector of The First National Trust, The First National Trust shall be deemed to be a 100% Affiliate of the Initial Shareholder.

"**Affiliate**" means, with respect to any Person, any other Person that, directly or indirectly through one or more intermediaries, Controls, is Controlled by or is under common Control with such first Person; provided that for so long as the Initial Shareholder remains the primary beneficiary and protector of The First National Trust, The First National Trust shall be deemed to be a 100% Affiliate of the Initial Shareholder.

"**Business Day**" means any day other than a Saturday or Sunday or a day on which commercial banking institutions in New York, New York are authorized by law to be closed.

"**Commission**" means the Securities and Exchange Commission or any other federal agency at the time administering the Securities Act.

"**Common Stock**" has the meaning set forth in the recitals.

"**Control**" means, as to any Person, the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise. The terms "Controlled," "Controlled by" and "under common Control with" shall be construed accordingly.

"**Equity Interest**" means:

(a) with respect to a company, any and all shares of capital stock;

(b) with respect to a partnership, limited liability company, trust, or similar Person, any and all units, interests or other partnership or limited liability company interests; and

(c) any other direct equity ownership or participation in a Person.

"**Exchange Act**" means the Securities Exchange Act of 1934, as amended.

"**Known Competitor**" means a Person who, at the time of such transfer, the Shareholder knows is a competitor of the Company.

"**Losses**" has the meaning set forth in Section 5.1.

"**Misstatement/Omission**" has the meaning set forth in Section 5.1.

"**Non-Registration Expenses**" means (a) all overhead and compensation expenses relating to officers, directors, and employees of the Company performing legal or accounting duties, and (b) qualification, filing, printing, messenger and delivery fees

and expenses and all reasonable fees and disbursements of legal counsel, accountants, management and other advisors relating to any filings of the Company made with the Commission prior to and following the filing of a registration statement pursuant to this Agreement, whether or not filed in connection with causing the registration of Registrable Securities pursuant to this Agreement, or causing any such registration to be declared effective pursuant to this Agreement, other than such fees and expenses directly relating to supplements or amendments to registration statements filed in connection herewith.

"**Parent**" means, with respect to any Person, any such other Person that owns, directly or indirectly, fifty per cent. or more of the outstanding capital stock or other Equity Interests of such Person, and in the case of the Shareholder, any of the direct or indirect ultimate beneficial holders of shares of the Shareholder and any immediate family member thereof.

"**Person**" means any individual, corporation, partnership, trust or other entity of any nature whatsoever.

"**Purchase Agreement**" has the meaning given to it in the recitals.

"**register**", "**registered**", and "**registration**", when used with respect to the capital stock of the Company, mean a registration effected by preparing and filing a registration statement or similar document in compliance with the Securities Act which has been declared or ordered effective in accordance with the Securities Act.

"**Registrable Securities**" means (i) the Shares, (ii) any Common Stock issued (or issuable upon the conversion or exercise of any warrant, right, option or other convertible security which is issued) as a dividend or other distribution with respect to, or in exchange for, or in replacement of, the Shares, and (iii) any Common Stock issued by way of a stock split of the Shares. Shares of Common Stock shall cease to be Registrable Securities when (A) a registration statement with respect to the sale of such shares of Common Stock shall have become effective under the Securities Act pursuant to this Agreement, (B) such shares of Common Stock shall have been sold or otherwise distributed pursuant to Rule 144 (or any successor provision) under the Securities Act, (C) the one year anniversary of the issuance of the Shares occurs, (D) such shares of Common Stock are Transferred in accordance with Section 8.1 or are otherwise no longer held by the Shareholders, or (E) such shares of Common Stock shall have ceased to be outstanding.

"**Registration Deadline**" has the meaning set forth in Section 2.1(a).

"**Registration Expenses**" means all registration, qualification, filing, printing, messenger and delivery fees and expenses and all reasonable fees and disbursements of legal counsel, accountants and other advisors relating to the registration of Registrable Securities pursuant to this Agreement, relating to causing such registration

to become effective pursuant to this Agreement, and relating to causing such registration to remain effective for the time periods set forth in this Agreement, but excluding all underwriting discounts and selling commissions applicable to the registration and sale of Registrable Securities pursuant to this Agreement.

"**Securities Act**" means the Securities Act of 1933, as amended, and the rules and regulations of the Commission promulgated thereunder.

"**Shareholder**" or "**Shareholders**" means, individually or collectively, as applicable: (i) the Initial Shareholder; (ii) a Person who owns Registrable Securities pursuant to a transfer of such Registrable Securities that meets the terms and conditions set forth in Article VIII hereof and who has agreed to be bound by the terms of this Agreement; (iii) upon the death of any natural Shareholder, the executor of such Shareholder or such Shareholder's heirs, devisees, legatees or assigns; or (iv) upon the disability of any natural Shareholder, any guardian or conservator of such Shareholder.

"**Shareholder Indemnified Parties**" has the meaning set forth in Section 5.1.

"**Shares**" has the meaning given to it in the recitals.

"**Transfer**" means any transfer, sale, gift, assignment, distribution, conveyance, pledge, hypothecation, encumbrance or other voluntary or involuntary transfer of title or beneficial interest, whether or not for value, including, without limitation, any disposition by operation of law or any grant of a derivative or economic interest therein.

"**Ultimate Parent**" means, in relation to any Person, any Parent of such Person who is not a Subsidiary of another Person.

1.2 Capitalized terms used but not otherwise defined herein have the meanings ascribed to them in the Purchase Agreement.

ARTICLE II

REGISTRATION

2.1 Registration.

(a) Subject to applicable regulations (in particular, with respect to the age of financial statements), the Company shall as promptly as possible prepare and file with the Commission a registration statement (the "**Registration Statement**") to register the Registrable Securities, but only to the extent that the Shareholder has complied with its obligations under Section 6.1 below (the "**Registration**"). The Company shall use its reasonable best efforts to cause the Registration Statement to be declared effective as promptly as practicable and to cause the Registrable Securities to be registered under the

Securities Act; provided that, in any event, the Registration Statement shall be declared effective and the Registrable Securities shall be registered under the Securities Act no later than the date that is thirty (30) days after the Class A Closing Date (the "**Registration Deadline**").

2.2 Expenses. With respect to the Registration, the Company shall bear sole responsibility for all Registration Expenses and Non-Registration Expenses incurred in connection therewith.

2.3 Registration on Form S–3. If, at the time the Company files the Registration Statement, the Company is a registrant entitled to use Form S–3 or any successor thereto to register shares of Common Stock, then the Company shall use its commercially reasonable efforts to effect the Registration on Form S–3 or any successor thereto.

ARTICLE III

PERMITTED DELAYS IN REGISTRATION

3.1 Suspension of Company Obligations.

(a) Notwithstanding anything to the contrary herein, the Company's obligations under Article II of this Agreement to file the Registration Statement, cause the Registrable Securities to be registered and maintain the effectiveness of the Registration Statement shall be suspended (and, to the extent applicable, the Shareholders shall suspend the disposition of any Registrable Securities pursuant to the Registration Statement) for a period not to exceed 90 days in the event that, in the good faith opinion of the Company's Board of Directors, effecting or maintaining the effectiveness of the Registration Statement would be detrimental to any financing, acquisition, merger, disposition of assets, disposition of stock or other comparable transaction then being pursued by the Company or would require the Company to make public disclosure of information which could have an adverse effect upon the Company. The Company shall notify the Shareholders in writing of the existence of any suspension event set forth in this Section 3.1, and such notice and all facts and circumstances relating to such suspension event shall be kept confidential by the Shareholders.

ARTICLE IV

REGISTRATION PROCEDURES

4.1 Registration Procedures. The Company shall use its commercially reasonable best efforts to:

(a) cause the Registration Statement to remain effective until the earlier of (i) the one-year anniversary of the issuance of the Shares and (ii) the completion of the distribution described in the Registration Statement;

(b) furnish the Shareholders and their counsel, at such times so as to permit their reasonable review, the opportunity to review the Registration Statement, the prospectus included therein, and each amendment thereof or supplement thereto, and to consider in good faith incorporating any comments reasonably requested by the Shareholders and their counsel, provided that the Shareholders' and their counsels' review of such documents shall not delay the filing of the registration statement so long as such parties have been provided a reasonable time to review the same;

(c) furnish, without charge, to the Shareholders such number of copies of the registration statement, preliminary prospectus, final prospectus and other documents incident thereto as the Shareholders from time to time may reasonably request;

(d) prepare and file with the Commission such amendments and supplements to the Registration Statement and the prospectus used in connection with the Registration Statement as may be necessary to comply with the provisions of the Securities Act and applicable state securities laws with respect to the disposition of all Registrable Securities;

(e) register or qualify the Registrable Securities covered by the Registration Statement under such other securities laws or state blue sky laws of such U.S. jurisdictions as shall be reasonably requested by the Shareholders for the distribution of the Registrable Securities; provided that the Company shall not be required to qualify to do business or to file a general consent to service of process in any such states or jurisdictions or to subject itself to taxation in any such states or jurisdictions wherein it would not but for the requirements of this paragraph (e) be required to do so;

(f) enter into customary agreements in form and substance reasonably satisfactory to the Company;

(g) notify the Shareholders of the happening of any event as a result of which the prospectus included in the Registration Statement, as then in effect, includes an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein not misleading in light of the circumstances then existing and, at the request of any Shareholder, promptly prepare and furnish to such Shareholder a reasonable number of copies of a supplement to or an amendment of such prospectus as may be necessary so that, as thereafter delivered to the purchasers of Registrable Securities, such prospectus shall not include an untrue statement of material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading in light of the circumstances then existing; provided that, upon receipt of such notice from the Company, the Shareholders will forthwith discontinue disposition of their Registrable Securities pursuant to the Registration Statement until the Shareholders receive the copies of the supplemented or amended prospectus covering the Registrable Securities (and the Shareholders shall return to the Company all copies of the unsupplemented or unamended prospectus covering the Registrable Securities);

(h) list all Registrable Securities covered by the Registration Statement on the Nasdaq or on such other securities exchange on which shares of Common Stock are then currently listed; and

(i) prevent the issuance of any order suspending the effectiveness of the Registration Statement or suspending the qualification (or exemption from qualification) of the Registrable Securities for sale in any U.S. jurisdiction, and, in the event of the issuance of any stop order suspending the effectiveness of the Registration Statement, or of any order suspending the qualification of the Registrable Securities for sale in any U.S. jurisdiction, the Company will use commercially reasonable efforts to promptly obtain the withdrawal of such order.

ARTICLE V

INDEMNIFICATION

5.1 Indemnification by the Company. In the event of any registration of any Registrable Securities pursuant to this Agreement under the Securities Act, the Company will indemnify, hold harmless and reimburse each participating Shareholder, each of the directors, officers, employees, managers, stockholders, partners, members, counsel, agents, trustees or representatives of such Shareholder and its Affiliates and each Person who controls any such Person, if any (collectively, "**Shareholder Indemnified Parties**"), against any Registration Expenses, Non-Registration Expenses, losses, claims, damages or liabilities, joint or several, to which the participating Shareholder or any such Person may become subject under the Securities Act or otherwise (collectively, "**Losses**"), insofar as such Losses arise out of or are based on any untrue statement or alleged untrue statement of any material fact contained in the registration statement, or any omission or alleged omission of a material fact required to be stated therein or necessary to make the statements therein not misleading (a "**Misstatement/Omission**"), under which the Registrable Securities were registered under the Securities Act, in any preliminary prospectus, final prospectus or summary prospectus contained therein, or in any amendment or supplement thereto, and shall reimburse such Shareholder Indemnified Parties for any legal or other expenses reasonably incurred by them in connection with investigating or defending any such Losses; provided, however, that the Company shall not be liable in any such case to the extent that any such Losses or expense arises out of or is based upon a Misstatement/Omission made in the Registration Statement, preliminary prospectus, final prospectus, summary prospectus, amendment or supplement in reliance upon and in conformity with information furnished to the Company by any participating Shareholder. Such indemnity shall remain in full force and effect regardless of any investigation made by or on behalf of any such participating Shareholder and shall survive the transfer of such securities by the Shareholder.

5.2 Indemnification by Participating Shareholders. Each of the participating Shareholders whose Registrable Securities are included in the Registration Statement, as a condition to including Registrable Securities in such Registration Statement, hereby agrees, to indemnify, hold harmless and reimburse (in the same manner and to the same extent as set forth in Section 5.1) the Company, each of its

directors, officers, employees, managers, stockholders, counsel, agents or representatives and the Company's Affiliates and each Person who controls any such Person within the meaning of the Securities Act, with respect to any Losses that arise out of or are based on any Misstatement/Omission, from such Registration Statement, preliminary prospectus, final prospectus or summary prospectus, or any amendment or supplement thereto, if such untrue statement or alleged untrue statement or omission or alleged omission was made in reliance upon and in conformity with information furnished to the Company by any participating Shareholder. Notwithstanding the foregoing, the obligation to indemnify will be individual (several and not joint) to each Shareholder and will be limited to the net amount of proceeds received by such Shareholder from the sale of Registrable Securities pursuant to the Registration Statement giving rise to such indemnification obligation. Such indemnity shall remain in full force and effect regardless of any investigation made by or on behalf of the Company or any such director or officer and shall survive the transfer of such securities by any participating Shareholder.

5.3 Notices of Claims. Promptly after receipt by an indemnified party of notice of the commencement of any action or proceeding involving a claim referred to in Section 5.1 or 5.2, such indemnified party will, if a claim in respect thereof is to be made against an indemnifying party, give written notice to the latter of the commencement of such action; provided, however, that the failure of any indemnified party to give notice as provided herein shall not relieve the indemnifying party of its obligations under Sections 5.1 or 5.2, except to the extent that the indemnifying party is actually prejudiced by such failure to give notice. In case any such action is brought against an indemnified party, unless in such indemnified party's reasonable judgment a conflict of interest between such indemnified and indemnifying parties may exist in respect of such claim, the indemnifying party shall be entitled to participate in and to assume the defense of such action, jointly with any other indemnifying party similarly notified to the extent that it may wish, with counsel reasonably satisfactory to such indemnified party (whose approval shall not be unreasonably withheld), and after notice from the indemnifying party to such indemnified party of its election so to assume the defense thereof, the indemnifying party shall not be liable to the indemnified party for any legal or other expenses subsequently incurred by the indemnified party in connection with the defense thereof other than reasonable costs of investigation; provided, that the indemnified party may participate in such defense at the indemnified party's expense, and provided, further, that all indemnified parties shall have the right to employ one counsel to represent them if, in the reasonable judgment of such indemnified parties, it is advisable for them to be represented by separate counsel by reason of having legal defenses which are different from or in addition to those available to the indemnifying party, and in that event the reasonable fees and expenses of such one counsel shall be paid by the indemnifying party. If the indemnifying party is not entitled to, or elects not to, assume the defense of a claim, it will not be obligated to pay the fees and expenses of more than one counsel for the indemnified parties with respect to such claim, unless in the reasonable judgment of any indemnified party a conflict of interest may exist between such indemnified party and any other indemnified parties with respect to such claim, in which event the indemnifying party shall be obligated to pay the fees and expenses of such additional counsel for the indemnified parties. No indemnifying party shall consent

to entry of any judgment or enter into any settlement without the consent of the indemnified party which does not include as an unconditional term thereof the giving by the claimant or plaintiff to such indemnified party of a release from all liability in respect to such claim or litigation. No indemnifying party shall be subject to any liability for any settlement made without its written consent. The indemnifying party's liability to any such indemnified party hereunder shall not be extinguished solely because any other indemnified party is not entitled to indemnity hereunder.

5.4 Survival. The indemnification provided for under this Agreement will (i) remain in full force and effect regardless of any investigation made by or on behalf of the indemnified party or any officer, director or controlling Person of such indemnified party, (ii) survive the transfer of securities and (iii) survive the termination of this Agreement.

5.5 Contribution. If, for any reason, the foregoing indemnity is unavailable, or is insufficient to hold harmless an indemnified party, then the indemnifying party shall contribute to the amount paid or payable by the indemnified party as a result of the expense, loss, claim, damage or liability in such proportion as is appropriate to reflect the relative fault of the indemnifying party on the one hand and the indemnified party on the other (determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or omission or alleged omission relates to information supplied by the indemnifying party or the indemnified party and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such untrue statement or omission), as well as any other relevant equitable considerations. The amount paid or payable by a party as a result of the expense, loss, claim, damage or liability referred to above shall be deemed to include any legal or other fees or expenses reasonably incurred by such party in connection with any investigation or proceeding. The parties hereto agree that it would not be just or equitable if contribution pursuant to this Section 5.5 were determined by *pro rata* allocation or by any other means of allocation, unless such contribution takes into account the equitable considerations referred to in this paragraph. Notwithstanding the provisions of this Section 5.5, a Shareholder shall not be required to contribute any amount in excess of the amount by which (i) the amount at which the securities that were sold by such Shareholder and distributed to the public were offered to the public exceeds (ii) the amount of any damages which such Shareholder has otherwise been required to pay by reason of such Misstatement/Omission or violation. No indemnified party guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any indemnifying party who was not guilty of such fraudulent misrepresentation.

ARTICLE VI

INFORMATION BY PARTICIPATING SHAREHOLDER

6.1 Information Regarding Participating Shareholders and their Affiliates. The Shareholders shall promptly furnish to the Company such information regarding such Shareholder and the distribution proposed by such Shareholder and its

Affiliates as the Company reasonably believes may be required in connection with any registration, qualification or compliance referred to in this Agreement.

ARTICLE VII

RULE 144 SALES

7.1 Reporting. With a view to making available to the Shareholders the benefits of certain rules and regulations of the Commission which may permit the sale of Registrable Securities to the public without registration or through short form registration forms, the Company agrees to use its commercially reasonable efforts to:

(a) make and keep public information available, as those terms are understood and defined in Rule 144 under the Securities Act; and

(b) file with the Commission in a timely manner all reports and other documents required of the Company under the Securities Act and the Exchange Act.

ARTICLE VIII

RESTRICTIONS ON TRANSFER

8.1 Restrictions on Transferability.

(a) The Registrable Securities held by the Shareholders may be Transferred, in whole or in part, to any Person, provided that:

(i) there is in effect a registration statement under the Securities Act covering such proposed Transfer and such Transfer is made in accordance with such registration statement; or

(ii) such Transfer is eligible under Rule 144 or such Transfer is otherwise made in accordance with applicable securities law, and (A) the Shareholders shall have notified the Company of the proposed Transfer and shall have furnished the Company with a detailed statement of the circumstances surrounding the proposed Transfer, provided that such detailed statement is kept confidential and is not disclosed to any other Person until prior written consent from the Shareholder is given which explicitly authorizes the disclosure of the information in such detailed statement, or (B) the Shareholders provide the Company and the Company's transfer agent with a legal opinion from independent internationally recognized legal counsel experienced in such matters, which legal opinion shall be in customary form reasonably acceptable to the Company and shall state that such Transfer is eligible under Rule 144 or is otherwise made in accordance with applicable securities laws.

(b) Any proposed Transfer of any Registrable Securities held by any Shareholder to a Known Competitor of the Company, including the circumstances

surrounding such proposed Transfer, shall be disclosed in writing to the Company 10 days before such proposed Transfer is effected.

(c) Each Shareholder is aware of the following Telephone Interpretation in the SEC Manual of Publicly Available Telephone Interpretations (July 1997):

A.65. Section 5

An issuer filed a Form S-3 registration statement for a secondary offering of common stock which is not yet effective. One of the selling shareholders wanted to do a short sale of common stock "against the box" and cover the short sale with registered shares after the effective date. The issuer was advised that the short sale could not be made before the registration statement becomes effective, because the shares underlying the short sale are deemed to be sold at the time such sale is made. There would, therefore, be a violation of Section 5 if the shares were effectively sold prior to the effective date.

(d) The Company is required to refuse to register any transfer of the Shares which is not made in accordance with Regulation S under the Securities Act, pursuant to a registration statement under the Securities Act or pursuant to an available exemption therefrom.

8.2 Restrictions on Sales During Registration Periods. In addition to the restrictions set forth in Section 8.1, each Shareholder agrees not to, except with respect to a 100% Affiliate of an Ultimate Parent that (a) remains a 100% Affiliate of such Ultimate Parent and (b) agrees in writing to be bound by the terms and conditions of this Agreement, offer, sell (including pursuant to Rule 144), distribute, sell short, loan, grant an option for the purchase of, enter into any swap or hedge agreement in connection with, or otherwise Transfer any Common Stock or any securities convertible into or exchangeable or exercisable for Common Stock, during the 15 days prior to and the 180 days after the effective date of any underwritten public offering of the Company's securities, unless the Company's Board of Directors and the underwriters managing such public offering otherwise agree. The Shareholders shall not take any action with respect to any distribution deemed to be made pursuant to the Registration Statement that would constitute a violation of Regulation M under the Exchange Act

8.3 No Participation in Other Securities Offerings. The rights granted by the Company hereunder shall be the exclusive rights granted to Shareholders with respect to Registrable Securities. Except as otherwise provided herein, the Shareholders shall have no rights to participate in any offering of securities by the Company to third parties, whether such offering is effected pursuant to registration under the Securities Act or pursuant to an exemption from registration thereunder.

ARTICLE IX

COVENANTS OF THE SHAREHOLDERS

9.1 Shareholders. Each Shareholder hereby agrees (i) to cooperate with the Company and to furnish to the Company all such information regarding such Shareholder, its ownership of Registrable Securities and the disposition of such securities in connection with the preparation of the Registration Statement and any filings with any state securities commissions as the Company may reasonably request, (ii) to the extent required by the Securities Act, to deliver or cause delivery of the prospectus contained in the Registration Statement, any amendment or supplement thereto, to any purchaser of the Registrable Securities covered by the Registration Statement from the Shareholder, and (iii) if requested by the Company, to notify the Company of any sale of Registrable Securities by such Shareholder.

ARTICLE X

TERMINATION

10.1 Termination. This Agreement and the rights provided hereunder shall terminate and be of no further force and effect with respect to each Shareholder on the date the Registrable Securities held by such Shareholder cease to be Registrable Securities pursuant to the terms of this Agreement. This Section 10.1 shall not, however, apply to the provisions of Article V of this Agreement, which shall survive the termination of this Agreement.

ARTICLE XI

MISCELLANEOUS

11.1 Decisions or Actions of the Shareholders. For the purposes of this Agreement, an action or decision shall be deemed to have taken by all of the Shareholders if such action or decision shall have been made by Shareholders holding a majority of the Registrable Securities.

11.2 Successors and Assigns. Subject to the provisions of Section 8.1, the terms and conditions of this Agreement shall inure to the benefit of and be binding upon the respective successors, assigns and transferees of the parties. If any successor, assignee or transferee of any Shareholder shall acquire Registrable Securities, in any manner, whether by operation of law or otherwise, such Registrable Securities shall be held subject to all of the terms of this Agreement, and by taking and holding such Registrable Securities such Person shall be conclusively deemed to have agreed to be bound by all of the terms and provisions hereof.

11.3 Notices. All notices and other communications provided for hereunder shall be in writing and sent by registered or certified mail, return receipt requested, postage prepaid or delivered in person or by courier, telecopier or electronic

mail, and shall be deemed to have been duly given on the date on which personally delivered to, or actually received by, the party to whom such notice is to be given at its address set forth below, or at such other address for the party as shall be specified by notice given pursuant hereto:

(a) If to the Company, to:

Central European Distribution Company
3000 Atrium Way, Suite 265
Mount Laurel, New Jersey 08054
United States of America
Attn: William V. Carey, President

with a copy (which shall not constitute notice) to:

Dewey & LeBoeuf LLP
1301 Avenue of the Americas
New York, New York 10019
United States of America
Attn: Frank R. Adams, Esq.
Christopher P. Peterson, Esq.

(b) If to the Shareholder, to:

Mark Kaufman
16, Boulevard de la Princess Charlotte, Apt. 602,
Monaco,
Monte Carlo 98000

with a copy (which shall not constitute notice) to:

Darrois Villey Maillot Brochier
69 avenue Victor Hugo
75116 Paris
France
Attn: Ben Burman, Esq.

11.4 Governing Law. This Agreement and any controversy or claim arising out of or relating to this Agreement shall be governed by the laws of the State of New York, without giving effect to the principles of conflicts of laws.

11.5 Jurisdiction. Each of the Company and each Shareholder hereby irrevocably and unconditionally submits, for itself and its property, to the exclusive jurisdiction of any New York State court or Delaware State court or Federal court of the United States of America sitting in New York City or Delaware, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Agreement, or for recognition or enforcement of any judgment, and each of the parties hereto hereby irrevocably and unconditionally agrees that all claims in respect to any such action or

proceeding may be heard and determined in such New York State or Delaware State court or, to the extent permitted by law, in such Federal court. Each of the Company and each Shareholder agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in the any other manner provided by law. Each of the Company and each Shareholder hereby irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection that it may now or hereafter have to the laying of venue of any suit, action, or proceeding arising out of or relating to this Agreement in any New York State, Delaware State or Federal court sitting in New York City or Delaware. Each of the Company and each Shareholder hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court. EACH OF THE COMPANY AND EACH SHAREHOLDER HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES TRIAL BY JURY IN ANY LEGAL ACTION OR PROCEEDING RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

11.6 Entire Agreement; Amendments and Waivers. This Agreement constitutes the entire agreement among the parties pertaining to the subject matter hereof and supersedes all prior agreements, understandings, negotiations and discussions whether oral or written, of the parties. No supplement, modification or waiver of this Agreement shall be binding unless executed in writing by all parties. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provision hereof (whether or not similar), nor shall such waiver constitute a continuing waiver unless otherwise expressly provided.

11.7 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Copies of executed counterparts transmitted by telecopy or other electronic transmission service shall be considered original executed counterparts.

11.8 Severability. In the event that any one or more of the provisions contained in this Agreement shall, for any reason, be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision of this Agreement.

11.9 Headings. The headings of the Articles and Sections herein are inserted for convenience of reference only and are not intended to be part of or to affect the meaning or interpretation of this Agreement.

11.10 Gender and Other References. Unless the context clearly indicates otherwise, the use of any gender pronoun in this Agreement shall be deemed to include all other genders, and singular references shall include the plural and vice versa.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

CENTRAL EUROPEAN DISTRIBUTION CORPORATION

By: /s/ William V. Carey
Name: William V. Carey
Title: President and Chief Executive Officer

MARK KAUFMAN

/s/ Mark Kaufman

Schedule A

Shareholder	Number of shares of Common Stock Issued
Mark Kaufman	959,245

Exhibit 10.54

C L I F F O R D
C H A N C E

CLIFFORD CHANCE,
JANICKA, KRUŻEWSKI, NAMIOTKIEWICZ,
I WSPÓLNICY SPÓŁKA KOMANDYTOWA

DATED 17 DECEMBER 2010

FOR

CEDC INTERNATIONAL SP. Z O.O.

PRZEDSIĘBIORSTWO "POLMOS" BIAŁYSTOK S.A.

AND

PWW SP. Z O.O.

WITH

BANK HANDLOWY W WARSZAWIE S.A.

AS AGENT, ORIGINAL LENDER AND SECURITY AGENT

AND

BANK ZACHODNI WBK S.A

AS ORIGINAL LENDER

PLN 330,000,000 TERM AND OVERDRAFTS FACILITIES AGREEMENT

CONTENTS

THIS AGREEMENT is dated 17 December 2010 and made between:

(1) **CENTRAL EUROPEAN DISTRIBUTION CORPORATION INC.**, a company incorporated under the laws of Delaware (the "**Investor**");

(2) **CEDC INTERNATIONAL SP. Z O.O.,** a company incorporated under the laws of Poland, having its registered seat in Oborniki Wielkopolskie at 48 Kowanowska Street, 64-600 Oborniki Wielkopolskie, Poland, entered into the register of business entities of the National Court Register under no. KRS 51098, with share capital of PLN 646,978,000.00, REGON 002160096, NIP 526-020-93-95 as borrower (the "**Company**");

(3) **PRZEDSIĘBIORSTWO "POLMOS" BIAŁYSTOK S.A.**, a company incorporated under the laws of Poland, having its registered seat in Białystok at ul. Elewatorska 20, 15-950 Białystok, Poland, entered into the register of business entities of the National Court Register under no. KRS 40543, with share capital of PLN 133,512,850, REGON 012057574, NIP 542-020-15-58 as borrower ("**Borrower 1**");

(4) **PWW SP. Z O.O.**, a company incorporated under the laws of Poland, having its registered seat in Warsaw at ul. Bokserska 66 A, 02-690 Warsaw, Poland, entered into the register of business entities of the National Court Register under no. KRS 22968, with share capital of PLN 6,000,000, REGON 014965028, NIP 113-212-68-62 as borrower ("**Borrower 2**", and together with the Company and Borrower 1, "**Borrowers**");

(5) **THE PERSONS** listed in Part I of Schedule 1 (*The Original Guarantors*) as original guarantors (the "**Original Guarantors**");

(6) **BANK HANDLOWY W WARSZAWIE S.A.**, a bank incorporated under the laws of Poland, having its registered seat in Warsaw at ul. Senatorska 16, 00-923 Warsaw, Poland, entered into the register of business entities of the National Court Register under no. KRS No. 1538, with share capital of PLN 522,638,400, REGON 000013037, NIP 526-030-02-91 as agent, original lender and security agent (respectively the "**Agent**", "**Original Lender 1**" and "**Security Agent**"); and

(7) **BANK ZACHODNI WBK S.A.**, a bank incorporated under the laws of Poland, having its registered seat in Wrocław at Rynek 9/11, 50-950 Wrocław, Poland, registered under KRS No. 8723, with share capital of PLN 730,760,130, REGON 930041341, NIP 896-000-56-73 as original lender ("**Original Lender 2**").

IT IS AGREED as follows:

1. **DEFINITIONS AND INTERPRETATION**

1.1 Definitions

In this Agreement:

1.1.1 "**Accession Letter**" means a document substantially in the form set out in Schedule 5 (*Form of Accession Letter*).

1.1.2 "**Accounting Principles**" means generally accepted accounting principles in the United States in relation to the Investor, Poland in relation to the Company, and its jurisdiction of incorporation in the case of any other Obligor.

1.1.3 "**Additional Guarantor**" means a company which becomes an Additional Guarantor in accordance with Clause 27 (*Changes to the Obligors*).

1.1.4 "**Advance**" means the advance made or to be made under Facility A or the principal amount outstanding for the time being of that advance.

1.1.5 "**Affiliate**" means, in relation to any person, a Subsidiary of that person or a Holding Company of that person or any other Subsidiary of that Holding Company.

1.1.6 "**Auditor**" means one of PricewaterhouseCoopers, Deloitte, Ernst & Young, and KPMG or such other firm agreed between the Agent and the Company.

1.1.7 "**Authorisation**" means an authorisation, consent, approval, resolution, licence, exemption, filing, notarisation or registration.

1.1.8 "**Availability Period**" means:

(a) in relation to Facility A the period from and including the date of this Agreement to and including 31 December 2010;

(b) in relation to Facility B, the period from and including the date of this Agreement to and including the date falling one day prior to the Final Maturity Date; and

(c) in relation to Facility C, the period from and including the date of this Agreement to and including the date falling one day prior to the Final Maturity Date.

1.1.9 "**Available Commitment**" means:

(a) in relation to Facility A, the amount of Facility A minus the amount of any utilised Advance under Facility A;

(b) in relation to Facility B, the amount of Facility B minus the Overdraft Outstanding Amount under Facility B; and

(c) in relation to Facility C the amount of Facility C minus the Overdraft Outstanding Amount under Facility C.

1.1.10 "**Available Facility**" means, in relation to a Facility, the aggregate for the time being of each Lender's Available Commitment in respect of that Facility.

1.1.11 "**Bank Guarantee Fund Fee**" means all fees paid by a Finance Party to the Bank Guarantee Fund (as defined in the Act of the Bank Guarantee Fund dated 14 December 1994, as amended) in connection with or calculated in relation to the Finance Documents and all present and future liabilities of a Borrower to that Finance Party under the Finance Documents.

1.1.12 "**Banking Law Act**" means the act dated 29 August 1997 (consolidated text published in Journal of Law of 2002 No. 72, item 665), as amended.

1.1.13 "**Break Costs**" means the amount (if any) by which:

(a) the interest (excluding Mandatory Cost (if any)) which a Lender should have received for the period from the date of receipt of all or any part of the Advance, an Overdraft Outstanding Amount or Unpaid Sum to the last day of the current Interest Period in respect of that Advance, Overdraft Outstanding Amount or Unpaid Sum, had the principal amount or Unpaid Sum received been paid on the last day of that Interest Period;

exceeds:

(b) the amount which such Lender would be able to obtain by placing an amount equal to the principal amount or Unpaid Sum received by it on deposit with a leading bank in the Relevant Interbank Market for a period starting on the Business Day following receipt or recovery and ending on the last day of the current Interest Period.

1.1.14 "**Budget**" means budget delivered by the Investor to the Agent in respect of that period pursuant to Clause 22.6 (*Budget*).

1.1.15 "**Business Day"** means a day (other than a Saturday or Sunday) on which banks are open for general business in Warsaw.

1.1.16 "**Cash Equivalents**" means:

(a) securities issued or directly and fully guaranteed or insured by the United States of America or any state thereof, any European Union Member State (*provided* that the full faith and credit of the United States or such European Union Member State is pledged in support of those securities) in each case denominated in U.S. dollars, pounds sterling or euros and having maturities of not more than one year from the date of acquisition;

(b) certificates of deposit, time deposits and other bank deposits in U.S. dollars, pounds sterling or euro with maturities of six months or less from the date of acquisition, bankers' acceptances with maturities not exceeding six months and overnight bank deposits, in each case, with any bank or trust company which is organized under the laws of a European Union Member State or the United States of America or any other state thereof or, in the case of any subsidiary any such Investment in the direct obligations of any state or country in which such subsidiary is organized or has operations; *provided that* such bank

or trust company has capital, surplus and undivided profits aggregating in excess of $500,000,000 (or the foreign currency equivalent thereof) and whose long-term debt is rated "A-1" or higher by Moody's or "A+" or higher by S&P or the equivalent rating category of another internationally recognized rating agency;

(c) repurchase obligations with a term of not more than seven days for underlying securities of the types described in clauses (a) and (b) above entered into with any financial institution meeting the qualifications specified in clause (b) above;

(d) commercial paper having one of the two highest ratings obtainable from Moody's or S&P and, in each case, maturing within six months after the date of acquisition; and

(e) money market funds (i) denominated in U.S. dollar, euro or pound sterling that are rated "A3" or higher by Moody's or "AAA" or higher by S&P; or (ii) at least 95% of the assets of which constitute Cash Equivalents of the kinds described in clauses (a) through (d) of this definition. [1]

1.1.17 "**CEDC Group**" means the Company and its Subsidiaries for the time being.

1.1.18 "**Commitment**" means a Facility A Commitment, Facility B Commitment or Facility C Commitment.

1.1.19 "**Compliance Certificate**" means a certificate substantially in the form set out in Schedule 6 (*Form of Compliance Certificate)* in form and substance satisfactory to the Agent.

1.1.20 "**Default**" means an Event of Default or any event or circumstance specified in Clause 25 (*Events of Default*) which would (with the expiry of a grace period, the giving of notice, the making of any determination under the Finance Documents or any combination of any of the foregoing) be an Event of Default.

1.1.21 "**Disruption Event**" means either or both of:

(a) a material disruption to those payment or communications systems or to those financial markets which are, in each case, required to operate in order for payments to be made in connection with the Facilities (or otherwise in order for the transactions contemplated by the Finance Documents to be carried out) which disruption is not caused by, and is beyond the control of, any of the Parties; or

(b) the occurrence of any other event which results in a disruption (of a technical or systems-related nature) to the treasury or payments operations of a Party preventing that, or any other Party:

[1] To be checked and confirmed by the banks

(i) from performing its payment obligations under the Finance Documents; or

(ii) from communicating with other Parties in accordance with the terms of the Finance Documents,

(and which (in either such case)) is not caused by, and is beyond the control of, the Party whose operations are disrupted.

1.1.22 "**EBITDA**" has the meaning set out in Clause 23.1 (*Financial Definitions*).

1.1.23 "**Environmental Claim**" means any claim, proceeding or investigation by any person in respect of any Environmental Law.

1.1.24 "**Environmental Law**" means any applicable law in any jurisdiction in which any member of the Group conducts business which relates to the pollution or protection of the environment or harm to or the protection of human health or the health of animals or plants.

1.1.25 "**Environmental Permits**" means any permit, licence, consent, approval and other authorisation and the filing of any notification, report or assessment required under any Environmental Law for the operation of the business of any member of the Group conducted on or from the properties owned or used by the relevant member of the Group.

1.1.26 "**Event of Default**" means any event or circumstance specified as such in Clause 25 (*Events of Default*).

1.1.27 "**Existing Facility Documents (BRE)**" means the facility agreement no 02/336/07/Z/VU dated 31 August 2007, as amended, entered into between, among others, the Company as borrower and BRE Bank S.A. as lender and any associated financing documents.

1.1.28 "**Existing Facility Documents (Pekao)**" means the overdraft facility agreement no. 2007/131/DB1 dated 29 March 2007, as amended, entered into between, among others, the Company and Borrower 2 as borrowers and Bank Polska Kasa Opieki S.A. as lender and any associated financing documents.

1.1.29 "**Existing Lender**" has the meaning ascribed to it in Clause 26 (*Changes to the Finance Parties*).

1.1.30 "**Existing Security**" means the Security listed in Schedule 7 (*Existing Security*).

1.1.31 "**Facility**" means Facility A, Facility B or Facility C.

1.1.32 "**Facility A**" means the term loan facility made available under this Agreement as described in Clause 2 (*The Facilities*) to the extent not cancelled or reduced under this Agreement.

1.1.33 "**Facility A Commitment**" means:

(a) in relation to an Original Lender, the amount set opposite its name under the heading "Facility A Commitment" in Part II of Schedule 1 (*The Original Lenders*) and the amount of any other Facility A Commitment transferred to it under this Agreement; and

(b) in relation to any other Lender, the amount of any Facility A Commitment transferred to it under this Agreement,

to the extent not cancelled, reduced or transferred by it under this Agreement.

1.1.34 "**Facility A Repayment Date**" means each of the dates specified in Clause 8.1 (*Repayment of the Advance*) as Facility A Repayment Dates.

1.1.35 "**Facility B**" means the overdraft facility made available under this Agreement as described in Clause 2 (*The Facilities*) to the extent not cancelled or reduced under this Agreement.

1.1.36 "**Facility B Commitment**" means:

(a) in relation to Original Lender 1, the amount set opposite its name under the heading "Facility B Commitment" in Part II of Schedule 1 (*The Original Lenders*) and the amount of any other Facility B Commitment transferred to it under this Agreement; and

(b) in relation to any other Lender, the amount of any Facility B Commitment transferred to it under this Agreement, to the extent not cancelled, reduced or transferred by it under this Agreement.

1.1.37 "**Facility C**" means the overdraft facility made available under this Agreement as described in Clause 2 (*The Facilities*) to the extent not cancelled or reduced under this Agreement.

1.1.38 "**Facility C Commitment**" means:

(a) in relation to Original Lender 2, the amount set opposite its name under the heading "Facility C Commitment" in Part II of Schedule 1 (*The Original Lenders*) and the amount of any other Facility C Commitment transferred to it under this Agreement; and

(b) in relation to any other Lender, the amount of any Facility C Commitment transferred to it under this Agreement, to the extent not cancelled, reduced or transferred by it under this Agreement.

1.1.39 "**Facility Office**" means the office or offices notified by a Lender to the Agent in writing on or before the date it becomes a Lender (or, following that date, by not less than five Business Days' written notice) as the office or offices through which it will perform its obligations under this Agreement.

1.1.40 "**Final Maturity Date**" means:

(a) in relation to Facility A, the date falling 48 Months after the first Utilisation Date;

(b) in relation to Facility B, the date falling 12 Months after the first Utilisation Date of Facility A; and

(c) in relation to Facility C, the date falling 12 Months after the first Utilisation Date of Facility A.

1.1.41 "**Finance Document**" means this Agreement, any Fee Letter, any Accession Letter, the Intercreditor Agreement, any Transaction Security Document, and any other document designated as such by the Agent and the Company.

1.1.42 "**Finance Party**" means the Agent, the Security Agent or a Lender.

1.1.43 "**Financial Indebtedness**" means any indebtedness for or in respect of:

(a) moneys borrowed;

(b) any amount raised by acceptance under any acceptance credit facility or dematerialised equivalent;

(c) any amount raised pursuant to any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument;

(d) the amount of any liability in respect of any lease or hire purchase contract which would, in accordance with the Accounting Principles, be treated as a finance or capital lease;

(e) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis);

(f) any amount raised under any other transaction (including any forward sale or purchase agreement) having the commercial effect of a borrowing;

(g) any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price (and, when calculating the value of any derivative transaction, only the marked to market value shall be taken into account);

(h) any counter-indemnity obligation in respect of a guarantee, indemnity, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution;

(i) any amount raised by the issue of redeemable shares;

(j) any amount of any liability under an advance or deferred purchase agreement if one of the primary reasons behind the entry into this agreement is to raise finance; and

(k) (without double counting) the amount of any liability in respect of any guarantee or indemnity for any of the items referred to in paragraphs (a) to (j) above.

1.1.44 "**Financial Year**" means the annual accounting period of the Group.

1.1.45 "**Group**" means the Investor and its Subsidiaries for the time being.

1.1.46 "**Guarantor**" means an Original Guarantor or an Additional Guarantor.

1.1.47 "**Holding Company**" means, in relation to a company or corporation, any other company or corporation in respect of which it is a Subsidiary.

1.1.48 "**Indenture**" means an indenture agreement entered into by among others, the Investor, Deutsche Trustee Company Limited, Deutsche Bank AG, London Branch and TMF Trustee Limited on 2 December 2009 (as further amended), as well as the documents referred to therein or entered into pursuant thereto

1.1.49 "**Information Package**" means (i) the Group corporate structure, (ii) audited annual financial statements for 2009 of the Borrowers and Bols sp. z o.o., (iii) F-01 forms for first and second quarters of 2010 of the Borrowers and Bols sp. z o.o., (iv) Information Memorabndum on high yield bonds dated November 2009, (v) list of Financial Indebtedness with banks (as at end of August 2010) and (vi) financial model.

1.1.50 "**Intercreditor Agreement**" means an intercreditor agreement dated on or about the date of this Agreement between Original Lender 1, Original Lender 2, the Company, the Investor and Deutsche Bank AG, London Branch and/or any other person that may become party to that agreement from time to time.

1.1.51 "**Interest Period**" means, in relation to the Advance or an Overdraft Outstanding Amount, each period determined in accordance with Clause 12 (*Interest Periods*) and, in relation to an Unpaid Sum, each period determined in accordance with Clause 11.4 (*Default interest*).

1.1.52 "**Joint Venture**" means any joint venture entity, whether a company, unincorporated firm, undertaking, association, joint venture or partnership or any other entity.

1.1.53 "**Legal Reservations**" means:

(a) the principle that remedies may be granted or refused at the discretion of a court and the limitation of enforcement by laws relating to insolvency, reorganisation and other laws generally affecting the rights of creditors;

(b) the time barring of claims, the possibility that an undertaking to assume liability for or indemnify a person against non-payment of stamp duty may be void and defences of set-off or counterclaim; and

(c) similar principles, rights and defences under the laws of any Relevant Jurisdiction.

1.1.54"**Lender**" means:

(a) the Original Lender; and

(b) any bank, financial institution, trust, fund or other entity which has become a Party in accordance with Clause 26 (*Changes to the Finance Parties*),

which in each case has not ceased to be a Party in accordance with the terms of this Agreement.

1.1.55 "**Letter of Credit**" means a bank guarantee, in a form requested by a Borrower and agreed by a Lender.

1.1.56 "**Majority Lenders**" means a Lender or Lenders whose Commitments aggregate more than $66^2/_3$ per cent. of the Total Commitments (or, if the Total Commitments have been reduced to zero, aggregated **more** than $66^2/_3$ per cent. of the Total Commitments immediately prior to that reduction).

1.1.57 "**Mandatory Cost**" means the percentage rate per annum from time to time determined by a Lender as reflecting the cost, loss or difference in return which would be suffered or incurred by a Lender (as it may from time to time determine, acting reasonably) as a result of it complying with:

(a) the special deposit and cash ratio deposit requirements of the National Bank of Poland;

(b) any reserve asset requirements of any central bank with jurisdiction over that Lender applicable to or imposed on that Lender;

(c) any charge imposed by:

(i) the Financial Supervisory Commission; or

(ii) any other financial regulator with jurisdiction over that Lender; and

(d) if Poland becomes a Participating Member State, any reserve asset requirements imposed by the European Central Bank,

if such cost, loss or difference in return is not in the sole control of that Lender or its Affiliates.

1.1.58 "**Margin**" means:

(a) in relation to Facility A, 2.25 per cent. per annum

but if:

(i) no Event of Default has occurred and is continuing; and

(ii) the Net Leverage Ratio in respect of the most recently completed Calculation Period is within a range set out below,

then the Margin for the Advance will be the percentage per annum set out below in the column opposite that range:

Net Leverage Ratio	Margin (% p.a.)
Greater than or equal to 4:1	2.25
Less than 4:1 but greater than or equal to 3:1	1.75
Less than 3:1 but greater than or equal to 2:1	1.50
Less than 2:1	1.25

However:

(i) any increase or decrease in the Margin for the Advance shall take effect on the date (the "**reset date**") which is 3 Business Days after receipt by the Agent of the Compliance Certificate for that Calculation Period pursuant to Clause 22.4 (*Provision and contents of Compliance Certificate*);

(ii) if, following receipt by the Agent of the annual audited financial statements of the Group and related Compliance Certificate, those statements and Compliance Certificate do not confirm the basis for a reduced Margin, then the provisions of Clause 11.3 (*Payment of interest*) shall apply and the Margin for that Advance shall be the percentage per annum determined using the table above and the revised ratio of Net Leverage Ratio calculated using the figures in the Compliance Certificate based on the annual audited financial statements and the Borrowers shall promptly pay to the Agent any amounts necessary to put the Agent and the Lenders in the position they would have been in had the appropriate rate of Margin applied during such period;

(iii) while an Event of Default is continuing, the Margin for the Advance shall be the highest percentage per annum set out above for the Advance; and

(iv) for the purpose of determining the Margin in relation to Facility A, Net Leverage Ratio and Calculation Period shall be determined in accordance with Clause 23.1 (*Financial definitions*);

(b) in relation to Facility B, 1.25 per cent. per annum; and

(c) in relation to Facility C, 1.25 per cent. per annum.

1.1.59 "**Material Adverse Effect**" means a material adverse effect on:

(a) the business, operations, property, condition (financial or otherwise) or prospects of a Borrower, a Guarantor or the Group taken as a whole;

(b) the ability of an Obligor to perform its obligations under the Finance Documents; or

(c) the validity or enforceability of the Finance Documents or the rights or remedies of any Finance Party under any Finance Document.

1.1.60 "**Month**" means a period starting on one day in a calendar month and ending on the numerically corresponding day in the next calendar month, except that:

(a) if the numerically corresponding day is not a Business Day, that period shall end on the next Business Day in that calendar month in which that period is to end if there is one, or if there is not, on the immediately preceding Business Day; and

(b) if there is no numerically corresponding day in the calendar month in which that period is to end, that period shall end on the last Business Day in that calendar month.

The above rules will only apply to the last Month of any period.

1.1.61 "**New Lender**" has the meaning ascribed to it in Clause 26 (*Changes to the Finance Parties*).

1.1.62 "**Obligor**" means a Borrower or a Guarantor.

1.1.63 "**Obligors' Agent**" means the Company, appointed to act on behalf of each Obligor in relation to the Finance Documents pursuant to Clause 2.6 (*Obligors' Agent*).

1.1.64 "**Original Financial Statements**" means:

(a) in relation to the Investor, the audited consolidated financial statements of the Group for the financial year ended 2009;

(b) in relation to the Company, its audited financial statements for the financial year ended 2009; and

(c) in relation to each Borrower other than the Company, its audited financial statements (or if not available, non-audited financial statements) for its financial year ended 2009.[2]

1.1.65 "**Original Lender**" means Original Lender 1 or Original Lender 2.

1.1.66 "**Original Obligor**" means a Borrower or an Original Guarantor.

1.1.67 "**Overdraft Account**" means:

(a) the current account of the Company in PLN maintained by Original Lender 1 designated by the Company and Original Lender 1 as account for utilizations of Facility B;

[2] To be confirmed by the banks.

(b) the current account of Borrower 1 in PLN maintained by Original Lender 1 designated by Borrower 1 and Original Lender 1 as account for utilizations of Facility B;

(c) the current account of Borrower 2 in PLN maintained by Original Lender 1 designated by Borrower 2 and Original Lender 1 as account for utilizations of Facility B;

(d) the current account of the Company in PLN maintained by Original Lender 2 designated by the Company and Original Lender 2 as account for utilizations of Facility C;

(e) the current account of Borrower 1 in PLN maintained by Original Lender 2 designated by Borrower 1 and Original Lender 2 as account for utilizations of Facility C; and

(f) the current account of Borrower 2 in PLN maintained by Original Lender 2 designated by Borrower 2 and Original Lender 2 as account for utilizations of Facility C,

(and "**Overdraft Accounts**" shall be construed accordingly).

1.1.68 "**Overdraft Instruction**" means a Borrower's instruction to execute an Overdraft Payment (in accordance with relevant regulations of each Lender).

1.1.69 "**Overdraft Outstanding Amount**" means:

(a) the aggregate principal amount for the time being outstanding under Facility B; and

(b) the aggregate principal amount for the time being outstanding under Facility C.

1.1.70"**Overdraft Payment**" means a payment made from an Overdraft Account causing or increasing a negative balance in the relevant Overdraft Account.

1.1.71"**Participating Member State**" means any member state of the European Communities that adopts or has adopted the euro as its lawful currency in accordance with legislation of the European Community relating to Economic and Monetary Union.

1.1.72"**Party**" means a party to this Agreement.

1.1.73"**Permitted Disposal**" means any sale, lease, licence, transfer or other disposal which, except in the case of paragraphs (b) and (h), is on arm's length terms and except in the case of paragraph (h) only, does not have a Material Adverse Effect:

(a) of trading stock made by an Obligor in the ordinary course of trading of the disposing entity, or the non-recourse disposal of receivables arising from such disposals of trading stock;

(b) of any asset by an Obligor to any member of the Group;

(c) of assets in exchange for other assets comparable or superior as to type value or quality;

(d) of obsolete, damaged, worn-out or redundant vehicles, plant and equipment for other assets in the ordinary course of business;

(e) of Cash Equivalents for cash or in exchange for other Cash Equivalents;

(f) constituted by a licence of intellectual property rights permitted by Clause 24.19 (*Intellectual Property*);

(g) to a Joint Venture, to the extent permitted by Clause 24.9 (*Joint ventures*);

(h) arising as a result of any Permitted Security;

(i) of assets where the higher of the market value and net consideration receivable (when aggregated with the higher of the market value and net consideration receivable for any other sale, lease, licence, transfer or other disposal not allowed under the preceding paragraphs or as a Permitted Transaction) does not exceed USD 10,000,000 (or its equivalent) in any Financial Year of a Borrower; or

(j) any other assets or trademarks in the amount exceeding USD 10,000,000 if (i) such disposal is at fair market value and at least 75% of the consideration received from such disposal is in cash or Cash Equivalents and (ii) within 6 Months from such disposal net proceeds from such disposal are applied towards prepayment of Financial Indebtedness (including the bonds issued under the Indenture), acquisitions permitted under this Agreement or capital expenditure.

1.1.74 "**Permitted Financial Indebtedness**" means Financial Indebtedness:

(a) arising under the Indenture as in force on the date of this Agreement or arising under the Finance Documents;

(b) which is owed by an Obligor to an Obligor or another member of the Group;

(c) arising from the recourse disposal of receivables arising from the disposal of trading stock in the ordinary course of business;

(d) permitted by Clause 24.21 (*Treasury Transactions*);

(e) of any person acquired by a Borrower which is incurred under arrangements in existence at the date of acquisition, but not incurred or increased or its maturity date extended in contemplation of that acquisition;

(f) under finance or capital leases of vehicles, plant, equipment or computers, provided that the aggregate capital value of all such items

so leased under outstanding leases by a Borrower does not exceed PLN 12,500,000 (or its equivalent in other currencies) at any time; and

(g) not permitted by the preceding paragraphs or as a Permitted Transaction and if calculated on a *pro forma* basis (including a *pro forma* application of the proceeds therefrom) with all other Financial Indebtedness (such calculation to be made prior to incurrence of such Financial Indebtedness) outstanding does not cause any of the undertakings set out in Clause 0 (*Financial condition*) to fail to be satisfied.

1.1.75 "**Permitted Security**" means:

(a) any Security under the Transaction Security Documents;

(b) any lien arising by operation of law and in the ordinary course of trading and not as a result of any default or omission by any member of the Group;

(c) any netting or set-off arrangement entered into by any member of the CEDC Group in the ordinary course of its banking arrangements for the purpose of netting debit and credit balances of members of the CEDC Group but only so long as (i) such arrangement does not permit credit balances of Obligors to be netted or set off against debit balances of members of the CEDC Group which are not Obligors and (ii) such arrangement does not give rise to other Security over the assets of Obligors in support of liabilities of members of the CEDC Group which are not Obligors;

(d) any Security or Quasi-Security over or affecting any asset acquired by a member of the CEDC Group if:

(i) the Security or Quasi-Security was not created in contemplation of the acquisition of that asset by a member of the CEDC Group; and

(ii) the principal amount secured has not been increased in contemplation of or since the acquisition of that asset by a member of the CEDC Group;

(e) any Security or Quasi-Security over or affecting any asset of any company which becomes a member of the CEDC Group, where the Security or Quasi-Security is created prior to the date on which that company becomes a member of the CEDC Group if:

(i) the Security or Quasi-Security was not created in contemplation of the acquisition of that company; and

(ii) the principal amount secured has not increased in contemplation of or since the acquisition of that company;

(f) any Security established in relation to the non-recourse disposal of receivables (but only in the scope of the purchasers' standard or usual terms);

(g) any Security arising under any retention of title, hire purchase or conditional sale arrangement or arrangements having similar effect in respect of goods supplied to a member of the CEDC Group in the ordinary course of trading and on the supplier's standard or usual terms and not arising as a result of any default or omission by any member of the CEDC Group;

(h) any Quasi-Security arising as a result of a disposal which is a Permitted Disposal;

(i) any Security or Quasi-Security arising as a consequence of any Financial Indebtedness permitted pursuant to paragraph (c) of the definition of "Permitted Financial Indebtedness";

(j) Existing Security, and any modifications, replacements, refinancings, or renewals thereof; *provided* that to the extent such Existing Security is modified, replaced, renewed or refinanced in connection with any refinancing of the obligations secured by such Existing Security (if such obligations constitute Financial Indebtedness), the Financial Indebtedness being refinanced is Permitted Financial Indebtedness and the Security so modified, replaced, renewed or refinanced shall not extend in any material respect to any additional property or assets;

(k) any security interest established pursuant to the Indenture and subject, to the extent applicable, to the terms of the Intercreditor Agreement;

(l) any Security under netting or set-off arrangements under treasury transactions permitted by the Finance Documents where the obligations of the parties are calculated by reference to net exposure under that treasury transaction;

(m) any Security arising as a result of legal proceedings discharged within 30 days or otherwise contested in good faith (and not otherwise constituting an Event of Default);

(n) any Security arising by operation of law in respect of taxes being contested in good faith in compliance with Clause 24.5 or

(o) liens on the funds or securities deposited for the purpose of defeasing or redeeming any Indebtedness on or prior to its maturity date, to the extent such defeasance or redemption is permitted under the Indenture;

(p) liens resulting from escrow arrangements unrelated to Financial Indebtedness entered into in connection with a disposition of assets;

(q) any Security securing indebtedness the outstanding principal amount of which (when aggregated with the outstanding principal amount of any other indebtedness which has the benefit of Security given by any member of the Group other than any permitted under paragraphs (a) to

(l) above) does not exceed PLN 15,000,000 (or its equivalent in other currencies).

1.1.76 "**Permitted Transaction**" means:

(a) any disposal required, Financial Indebtedness incurred, guarantee, indemnity or Security or Quasi-Security given, or other transaction arising, under the Finance Documents;

(b) the solvent liquidation or reorganisation of any member of the CEDC Group which is not an Obligor so long as any payments or assets distributed as a result of such liquidation or reorganisation are distributed to other members of the CEDC Group or the Investor;

(c) transactions (other than (i) any sale, lease, license, transfer or other disposal and (ii) the granting or creation of Security or the incurring or permitting to subsist of Financial Indebtedness) conducted in the ordinary course of trading on arm's length terms; and

(d) any merger, consolidation, amalgamation with or transfer of all or substantially all of the assets of any person into another person if immediately before such transaction, no Default exists and is continuing; and either: (x) if such entity remains (or its successor will remain) an Obligor, (A) such Obligor is the surviving entity; or (B) the entity formed by or surviving any such consolidation, merger or amalgamation (if other than such Obligor or another Obligor) or to which such transfer has been made if not an Obligor is an entity organized or existing under the laws of any European Union Member State or any state of the United States or the District of Columbia, or any other country, state or district in which such Obligor is organized or existing prior to the date of such transaction, and immediately after such transaction, such surviving entity or transferee (provided that such transaction will not result in situation where financing of such entity would be prohibited for any of the Lenders), as the case may be, assumes all the obligations of that Obligor under this Agreement; or (y) the merger, consolidation, amalgamation or other combination or transfer is a Permitted Disposal.

1.1.77 "**Peulla**" means Peulla Enterprises Limited, 2-4 Arch. Makarios III Avenue, Capital Center, 9th Floor, Nicosia 1505, Cyprus.

1.1.78 "**Qualifying Lender**" has the meaning given to it in Clause 15.1 (*Definitions*).

1.1.79 "**Quasi-Security**" has the meaning given to that term in Clause 24.12 (*Negative pledge*).

1.1.80 "**Quotation Day**" means, in relation to any period for which an interest rate is to be determined, two Business Days before the first day of that period, unless market practice differs in the Relevant Interbank Market for a currency, in which case the Quotation Day for that currency will be determined by the Agent in accordance with market practice in the Relevant Interbank Market (and if quotations would normally be given by leading banks in the Relevant

Interbank Market on more than one day, the Quotation Day will be the last of those days).

1.1.81 "**Reference Banks**" means Bank PKO BP S.A., Bank Polska Kasa Opieki S.A. and BRE Bank S.A. or such other banks as may be appointed by the Agent in consultation with the Company.

1.1.82 "**Relevant Interbank** Market" means the Warsaw interbank market.

1.1.83 "**Relevant Jurisdiction**" means, in relation to an Obligor:

(a) its jurisdiction of incorporation;

(b) any jurisdiction where any asset subject to or intended to be subject to the Transaction Security to be created by it is situated;

(c) any jurisdiction where it conducts its business;

(d) the jurisdiction whose laws govern the perfection of any of the Transaction Security Documents entered into by it.

1.1.84 "**Repayment Instalment**" means each instalment for repayment of the Advance referred to in 8.1 (*Repayment of the Advance*).

1.1.85 "**Repeating Representations**" means each of the representations set out in Clause 21.2 (*Status*) to Clause 21.7 (*Governing law and enforcement*), Clause 21.11 (*No default*), Clause 21.13.1(f) (*No misleading information*), Clause 21.14 (*Original Financial Statements*), Clause 21.19 (*Ranking*) to Clause 21.21 (*Legal and beneficial ownership*), Clause 21.26 (*Centre of main interests and establishments*) and Clause 21.28 (*Bank Accounts*).

1.1.86 "**Resignation Letter**" means a letter substantially in the form set out in Schedule 10 (*Form of Resignation Letter*).

1.1.87 "**Russian Guarantors**" means Limited Liability Company "The Trading House Russian Alcohol", Joint Stock Company "Distillery Topaz", ZAO "Sibirsky LVZ", OOO "First Tula Distillery", OOO "The Trading House Russian Alcohol-Center", OOO "The Trading House Russian - Alcohol North-West", Closed Joint Stock Company Mid-Russian Distillers, "Parliament Production", LLC, "Parliament Distribution", LLC and Bravo Premium LLC.

1.1.88 "**Screen Rate**" means, in relation to WIBOR, the percentage rate per annum being the arithmetic mean (rounded upward to four decimal places) of the relevant offered rates which appear on the "WIBO" page for deposits in PLN, displayed on the appropriate page of the Reuters screen. If the agreed page is replaced or service ceases to be available, the Agent may specify another page or service displaying the appropriate rate after consultation with the Obligor's Agent.

1.1.89 "**Security**" means a mortgage, pledge, registered pledge, financial pledge, security assignment, security transfer of ownership, submission to execution or other security interest securing any obligation of any person or any other

agreement or arrangement having a similar effect, including without limitation: (a) any arrangement under which money or claims to, or the benefit of, a bank or other account may be applied, set off or made subject to a combination of accounts so as to effect discharge of any sum owed or payable to any person, (b) an attachment in connection with execution or interim injunction, or (c) any other type of preferential arrangement, lien, right to or charge over assets, including without limitation any re-privatisation or restitution claim, pre-emption right, easement (*służebność*), usufruct or any other third party right being in the nature of a *right in rem* or a right of use, occupation or execution.

1.1.90 "**Share Pledges**" means the share pledges referred to in paragraph 4.2 of Part I of Schedule 2 (*Condition Precedent to initial Utilisation*).

1.1.91 "**Specified Time**" means a time determined in accordance with Schedule 9 (*Timetables*).

1.1.92 "**Submission to Execution**" means a voluntary submission to enforcement in relation to each Facility pursuant to the Banking Law Act and in respect of Central European Distribution Corporation Inc. pursuant to article 777 of the Civil Procedure Code, to be executed by each Obligor in favour of the Agent, in form and substance satisfactory to the Agent.

1.1.93 "**Subsidiary**" means any person (referred to as the "**first person**") in respect of which another person (referred to as the "**second person**"):

(a) holds a majority of the voting rights in that first person or has the right under the constitution of the first person to direct the overall policy of the first person or alter the terms of its constitution; or

(b) is a member of that first person and has the right to appoint or remove a majority of its board of directors or equivalent administration, management or supervisory body; or

(c) has the right to exercise a dominant influence (which must include the right to give directions with respect to operating and financial policies of the first person which its directors are obliged to comply with whether or not for its benefit) over the first person by virtue of provisions contained in the articles (or equivalent) of the first person or by virtue of a control contract which is in writing and is authorised by the articles (or equivalent) of the first person and is permitted by the law under which such first person is established; or

(d) is a member of that first person and controls alone, pursuant to an agreement with other shareholders or members, a majority of the voting rights in the first person or the rights under its constitution to direct the overall policy of the first person or alter the terms of its constitution; or

(e) has the power to exercise, or actually exercises dominant influence or control over the first person; or

(f) together with the first person are managed on a unified basis,

and for the purposes of this definition, a person shall be treated as a member of another person if any of that person's Subsidiaries is a member of that other person or, if any shares in that other person are held by a person acting on behalf of it or any of its Subsidiaries.

1.1.94 "**Tax**" means any tax, levy, impost, duty or other charge (including social pension fund contributions and other similar dues) or withholding of a similar nature (including any penalty or interest payable in connection with any failure to pay or any delay in paying any of the same).

1.1.95 "**Technical Division Amendment Request**" means a notice substantially in the form set out in Part III of Schedule 4 (*Form of Technical Division Amendment Request*).

1.1.96 "**Total Commitments**" means the aggregate of the Total Facility A Commitments, the Total Facility B Commitments and the Total Facility C Commitments.

1.1.97 "**Total Facility A Commitments**" means the aggregate of the Facility A Commitments.

1.1.98 "**Total Facility B Commitments**" means the aggregate of the Facility B Commitments.

1.1.99 "**Total Facility C Commitments**" means the aggregate of the Facility C Commitments.

1.1.100 "**Transaction Security**" means the Security created, evidenced or expressed to be created or evidenced pursuant to the Transaction Security Documents.

1.1.101 "**Transaction Security Documents**" means each of the documents listed as being a Security Document in paragraph 4 of Part I of Schedule 2 (*Condition Precedent to initial Utilisation*), each of the documents listed as being a Security Document in paragraph 4 of Part II of Schedule 2 (*Conditions Precedent*) together with any other document entered into by any member of the Group creating, evidencing or expressed to create or evidence any Security over all or any part of its assets in respect of the obligations of members of the Group under any of the Finance Documents.

1.1.102 "**Transfer Certificate**" means a certificate substantially in the form set out in Schedule 8 (*Form of Transfer Certificate*) or any other form agreed between the Agent and the Company.

1.1.103 "**Transfer Date**" means, in relation to an assignment or transfer, the later of:

(a) the proposed Transfer Date specified in the Transfer Certificate; and

(b) the date on which a Lender executes the Transfer Certificate.

1.1.104 "**Treasury Transactions**" means any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price.

1.1.105 "**Unpaid Sum**" means any sum due and payable but unpaid by an Obligor under the Finance Documents.

1.1.106 "**Utilisation**" means the Advance, a Letter of Credit or an Overdraft Instruction.

1.1.107 "**Utilisation Date**" means the date of a Utilisation, being the date on which the Advance is to be made.

1.1.108 "**Utilisation Request**" means a notice substantially in the form set out in Schedule 3 (*Utilisation Request*).

1.1.109 "**VAT**" shall be construed as a reference to value added tax regulated by the law of 11 March 2004 on value added tax (Journal of Laws No. 54 item 535) including any similar value added tax which may be imposed in place thereof from time to time.

1.1.110 "**Whitehall Guarantors**" means WHL Holdings Limited, a company incorporated under the laws of the Republic of Cyprus, OOO Whitehall-Center, a limited liability company incorporated under the laws of Russia and any other member of the Whitehall group which becomes a guarantor under the Indenture.

1.1.111 "**WIBOR**" means in relation to any Utilisation in PLN:

(a) the applicable Screen Rate; or

(b) (if no Screen Rate is available for the relevant period) the arithmetic mean of the rates (rounded upwards to four decimal places) as supplied to a Lender at its request quoted by the Reference Banks to leading banks in the Warsaw interbank market,

as of the Specified Time on the Quotation Day for the offering of deposits in PLN for a period comparable to the Interest Period for that Utilisation.

1.2 Construction

1.2.1 Unless a contrary indication appears any reference in this Agreement to:

(a) any pecuniary obligation of a Borrower shall be read as a reference to a joint and several obligation of all Borrowers;

(b) any "**Borrower**", "**Company**" "**Finance Party**", "**Guarantor**", "**Lender**", "**Original Lender**", "**Obligor**" or "**Party**" shall be construed so as to include its successors in title, permitted assigns and permitted transferees;

(c) "**assets**" includes present and future properties, revenues and rights of every description;

(d) a "**compulsory manager**", "**receiver**", "**administrative receiver**", "**administrator**" or "**similar officer**" in relation to persons incorporated or having assets in the Republic of Poland, includes without limitation (i) a *likwidator* appointed under the Polish Commercial Companies Code, (ii) *zarządca, nadzorca sądowy or syndyk* appointed under article 27 of the Polish Law on Registered Pledge and Pledge Register dated 6 December, 1996, and (iv) *curator* or *zarządca prymusowy* appointed under the Civic Procedure Code;

(e) "**confirmed**" or "**certified**" in respect of any agreement or document shall be understood as a agreement or other document confirmed by a person duly authorised to act in the name of an Obligor or any other respective person, with evidence of such authorisation provided to the Agent, or by the Obligor's legal counsel;

(f) the "**equivalent**" on any given date in one currency (the "**first currency**") of an amount denominated in another currency (the "**second currency**") is a reference to the amount of the first currency which could be purchased with the second currency at the spot rate of exchange of a Lender (or, if a Lender so selects, of any of the Reference Banks selected by the Agent) for the purchase of the first currency with the second currency;

(g) a "**Finance Document**" or any other agreement or instrument is a reference to that Finance Document or other agreement or instrument as amended, novated, supplemented, extended, replaced or restated;

(h) "**indebtedness**" includes any obligation (whether incurred as principal or as surety) for the payment or repayment of money, whether present or future, actual or contingent;

(i) a "**person**" includes any individual, firm, company, corporation, government, state or agency of a state or any association, trust, joint venture, consortium or partnership (whether or not having separate legal personality);

(j) "**law**" shall be construed as any law (including customary law), statutes, constitution, decree, judgement, treaty, regulation, directive, by-law, other decision or any other legislative, administrative or binding judicial measure of any government, supranational, local government, statutory or regulatory body or tribunal;

(k) a "**regulation**" includes any regulation, rule, official directive, request or guideline (whether or not having the force of law) of any governmental, intergovernmental or supranational body, agency, department or regulatory, self-regulatory or other authority or organisation;

(l) a provision of law is a reference to that provision as amended or re-enacted; and

(m) a time of day is a reference to Warsaw time.

(n) Section, Clause and Schedule headings are for ease of reference only.

(o) Unless a contrary indication appears, a term used in any other Finance Document or in any notice given under or in connection with any Finance Document has the same meaning in that Finance Document or notice as in this Agreement.

(p) A Default (other than an Event of Default) is "**continuing**" if it has not been remedied or waived and an Event of Default is "**continuing**" if it has not been waived.

1.3 Currency Symbols and Definitions

"**PLN**" and "**zloty**" means the single currency unit of the Republic of Poland and "**$**", "**USD**" and "**dollars**" denote the lawful currency of the United States of America.

1.4 General terms and conditions

1.4.1 Subject to the terms of this Agreement,

(a) the provisions of Original Lender 1 of "General Terms and Conditions of Co-operations with Clients" and "Rules and Regulations for the Issuance of Bank Guarantees and Letters of Credit shall apply to Facility B; and

(b) the provisions of Original Lender 2 of general terms and conditions of maintaining the account for the entrepreneurs ("*Regualmin kont dla firm*") and general terms and conditions of providing credit services for non-consumer purposes ("*Regulamin świadczenia usług kredytowych na cele niekonsumpcyjne*") shall apply to Facility C.

1.4.2 For the avoidance of doubt, (i) in the case of any discrepancies between this Agreement and the general terms and conditions relating to maintenance of accounts this Agreement prevails and (ii) in the case of any discrepancies between this Agreement and the general terms and conditions relating to issuance of bank guarantees such general terms prevails (unless waived by the relevant Original Lender or modified by the relevant Borrower and the relevant Original Lender).

2. THE FACILITIES

2.1 Description

Subject to the terms of this Agreement:

2.1.1 the Lenders make available to the Company a PLN term loan facility in an aggregate amount equal to the Total Facility A Commitments;

2.1.2 Original Lender 1 makes available to each Borrower a PLN overdraft facility in an aggregate amount equal to the Total Facility B Commitments; and

2.1.3 Original Lender 2 makes available to each Borrower a PLN overdraft facility in an aggregate amount equal to the Total Facility C Commitments.

2.2 Technical Division of Facility B and Facility C

2.2.1 A Borrower may utilise Facility B or Facility C in an amount that would not exceed the figure next to its name set out in:

(a) Part I of Schedule 4 (*Initial Technical Division of Facility B*) in respect of Facility B; and

(b) Part II of Schedule 4 (*Initial Technical Division of Facility C*) in respect of Facility C,

(jointly, the "**Technical Division**").

2.2.2 The Obligors' Agent may amend the Technical Division, by sending to the relevant Original Lender a Technical Division Amendment Request. For the avoidance of doubt, such amendment may not result in an increase of Facility B Commitment in respect of Facility B or Facility C Commitment in respect of Facility C.

2.2.3 Such amendment of the Technical Division in respect of each Facility B and Facility C is possible not more frequently than six times in every year and shall be effective 5 Business Days upon the relevant Original Lender being notified.

2.2.4 No change in the Technical Division is possible if a Default is continuing.

2.3 Overdraft facilities

Facility B and Facility C are renewable and may be utilised repeatedly during the entire Availability Period for the relevant Facility, so that each receipt of funds in the relevant Overdraft Account causes partial or complete repayment of the relevant Overdraft Outstanding Amount, and as a consequence the relevant Available Facility is renewed accordingly in whole or in part.

2.4 Finance Parties' rights and obligations

2.4.1 The obligations of each Finance Party under the Finance Documents are several. Failure by a Finance Party to perform its obligations under the Finance Documents does not affect the obligations of any other Party under the Finance Documents. No Finance Party is responsible for the obligations of any other Finance Party under the Finance Documents.

2.4.2 The rights of each Finance Party under or in connection with the Finance Documents are separate and independent rights and any debt arising under the Finance Documents to a Finance Party from a Borrower shall be a separate and independent debt.

2.4.3 A Finance Party may, except as otherwise stated in the Finance Documents, separately enforce its rights under the Finance Documents.

2.5 Security

The indebtedness in respect of the Facilities shall be secured by:

2.5.1 the security interests contemplated by the Transaction Security Documents, including the financial pledges and the registered pledges under the Share Pledges; and

2.5.2 such other Security as the Lenders and Company may agree from time to time.

2.6 Obligors' Agent

2.6.1 Each Obligor (other than the Company) by its execution of this Agreement or an Accession Letter irrevocably appoints the Company to act on its behalf as its agent in relation to the Finance Documents and irrevocably authorises:

(a) the Company on its behalf to supply all information concerning itself contemplated by this Agreement to the Finance Parties and to give all notices and instructions (including, in the case of a Borrower, Utilisation Requests, Technical Division Amendment Request or Overdraft Instruction), to execute on its behalf any Accession Letter, to make such agreements and to effect the relevant amendments, supplements and variations capable of being given, made or effected by any Obligor notwithstanding that they may affect the Obligor, without further reference to or the consent of that Obligor; and

(b) the Agent to give any notice, demand or other communication to that Obligor pursuant to the Finance Documents to the Company,

and in each case the Obligor shall be bound as though the Obligor itself had given the notices and instructions (including, without limitation, any Utilisation Requests or Overdraft Instruction) or executed or made the agreements or effected the amendments, supplements or variations, or received the relevant notice, demand or other communication.

2.6.2 Every act, omission, agreement, undertaking, settlement, waiver, amendment, supplement, variation, notice or other communication given or made by the Obligors' Agent or given to the Obligors' Agent under any Finance Document on behalf of another Obligor or in connection with any Finance Document (whether or not known to any other Obligor and whether occurring before or after such other Obligor became an Obligor under any Finance Document) shall be binding for all purposes on that Obligor as if that Obligor had expressly made, given or concurred with it. In the event of any conflict between any notices or other communications of the Obligors' Agent and any other Obligor, those of the Obligors' Agent shall prevail.

3. PURPOSE

3.1 Purpose

3.1.1 The Company shall apply amounts borrowed by it under Facility A: (i) towards refinancing of the part of Existing Financial Indebtedness under the Existing Facility Documents (BRE) (including related fees, costs and expenses of such refinancing) and the Existing Facility Documents (Pekao) (including related fees, costs and expenses of such refinancing) and (ii) to finance general

business purposes of the Company (but in the amount not higher than PLN 40,000,000).

3.1.2 Each Borrower shall apply all amounts borrowed by it under Facility B and Facility C towards financing the general business purposes of that Borrower.

3.2 Monitoring

No Finance Party is bound to monitor or verify the application of any amount borrowed pursuant to this Agreement.

4. CONDITIONS OF UTILISATION

4.1 Initial conditions precedent

A Borrower may not deliver a Utilisation Request or file an Overdraft Instruction unless the Agent has received all of the documents and other evidence listed in Part I of Schedule 2 (*Conditions precedent to initial Utilisation*) in form and substance satisfactory to the Agent. The Agent shall notify the relevant Borrower promptly upon being so satisfied.

4.2 Further conditions precedent

4.2.1 The Lenders shall have no obligation to make the Advance available to the Borrowers or execute any Overdraft Payment unless on both the date of the relevant Utilisation Request and the relevant Utilisation Date (or the date of Overdraft Instruction and date of the requested Overdraft Payment):

(a) no Default is continuing or would result from the proposed Advance, Letter of Credit or Overdraft Payment; and

(b) the Repeating Representations to be made by each Obligor are true in all material respects.

4.3 Maximum number of Advances

4.3.1 The Company may request only one Advance under Facility A.

4.3.2 The Company may not request that the Advance be divided.

4.4 Maximum number of Letters of Credit

Each Borrower may file any number of utilisation requests with respect of the Letters of Credit, always subject to the Available Facility.

4.5 Maximum number of Overdraft Instructions

Each Borrower may file any number of Overdraft Instructions, always subject to the Available Facility.

5. UTILISATION OF FACILITY A

5.1 Delivery of a Utilisation Request

The Company may utilise Facility A by delivery to the Agent of one duly completed Utilisation Request not later than the Specified Time or such earlier time as may be acceptable to the Agent.

5.2 Completion of a Utilisation Request

5.2.1 The Utilisation Request is irrevocable and will not be regarded as having been duly completed unless:

(a) it relates to Facility A;

(b) the proposed Utilisation Date is a Business Day within the Availability Period applicable to Facility A;

(c) the currency and amount of the Utilisation comply with Clause 5.3 (*Currency and amount*); and

(d) the proposed Interest Period complies with Clause 12 (*Interest Periods*).

5.2.2 Only one Advance may be requested in the Utilisation Request.

5.3 Currency and amount

5.3.1 The currency specified in the Utilisation Request must be PLN.

5.3.2 The amount of the proposed Advance must be less than or equal to the Available Facility in respect of Facility A.

5.4 Lenders' participation

5.4.1 If the conditions set out in this Agreement have been met, each Lender shall make its participation in the requested Advance on the Utilisation Date through its Facility Office.

5.4.2 The amount of each Lender's participation in the Advance will be equal to the proportion borne by its Available Commitment to the Available Facility immediately prior to making the Advance.

5.5 Cancellation of the Available Facility

The Facility A Commitments which, at that time, are unutilised shall be immediately cancelled at the end of the Availability Period for Facility A.

6. UTILISATION OF FACILITY B AND FACILITY C

6.1 No requirement for Utilisation Request

Subject to Clause 7, during the Availability Period the Borrowers may utilise Facility B and Facility C without submitting a Utilisation Request.

6.2 Overdraft Instruction

Facility B or Facility C shall be drawn by delivering Overdraft Instruction to the relevant Lender to debit the relevant Overdraft Bank Account in circumstances where a negative balance will arise on the Overdraft Bank Account or a negative balance will be increased up to the Available Facility in respect of Facility B or Facility C, respectively.

6.3 Completion of an Overdraft Instruction

Each Overdraft Instruction will not be regarded as having been duly completed unless:

6.3.1 it is made on a day that is a Business Day within the Availability Period applicable to Facility B or Facility C, respectively; and

6.3.2 the currency and amount of the Utilisation comply with 6.4 (*Currency and amount*) and Clause 2.2 (*Technical Division of Facility B and Facility C*).

6.4 Currency and amount

6.4.1 The currency specified in an Overdraft Instruction must be PLN.

6.4.2 There is no limit on the amount of any Overdraft Payment, always subject to relevant Available Facility.

6.5 Cancellation of the Available Facility

6.5.1 The Facility B Commitments which, at that time, are unutilised shall be immediately cancelled at the end of the Availability Period for Facility B.

6.5.2 The Facility C Commitments which, at that time, are unutilised shall be immediately cancelled at the end of the Availability Period for Facility C.

7. UTILISATION OF FACILITY B AND FACILITY C BY WAY OF LETTERS OF CREDIT

7.1 Utilisation of Facility B and Facility C by way of Letters of Credit

7.1.1 Facility B and Facility C may also be utilised by way of Letters of Credit. Facility C may be utilised by way of Letters of Credits only up to the amount of PLN 5,000,000.

7.1.2 Clause 6 do not apply to Utilisations by way of Letters of Credit.

7.2 Conditions for utilisation

A Borrower may request that a Facility B or Facility C Lender issues a Letter of Credit in the Availability Period for Facility B and Facility C. Subject to Clauses 4.1, 4.2 and 4.4, a Borrower may request issuance of a Letter of Credit in accordance with the terms of regulations for issuance of bank guarantees of the relevant Lender.

7.3 Reduction of Available Commitment

The Letters of Credit issued pursuant to this Agreement will reduce the Available Commitment for Facility B or Facility C (as applicable), in the amounts in which the

Letters of Credits have been issued until the obligations of a Lender under the relevant Letter of Credit expire or are satisfied by the relevant Lender and a claim under a Letter of Credit is recovered pursuant to Clause 7.4 below.

7.4 Claims under the Letters of Credit

Each Borrower irrevocably and unconditionally authorise the Lenders to pay any claims under the Letter of Credits issued pursuant to this Agreement.

7.5 Debiting accounts

If a Lender pays any claims under a Letter of Credit each Borrower authorises such Lender to debit the relevant Overdraft Account with the amounts paid under such Letter of Credit.

7.6 Validity of Letters of Credit

7.6.1 Any Letters of Credit may be issued only during the Availability Period and for the period not longer than 12 Months (unless otherwise agreed between the relevant Original Lender and the relevant Borrower).

7.6.2 If validity of any Letter of Credit extends beyond the relevant Final Maturity Date, the relevant Borrower must provide a back to back bank guarantee or a cash collateral (in the amount of 120% of the amount of that Letter of Credit and in form satisfactory to the issuing Original Lender) to secure claims under such Letter of Credit not later than 3 Business Days before the Final Maturity Date.

7.6.3 If a Borrower fails to provide a back to back bank guarantee or a cash collateral as required pursuant to Clause 7.6.2, the relevant Original Lender shall be authorised to utilise Facility B or Facility C (whichever is provided by that Original Lender) to provide cash collateral for the Letters of Credit referred to in Clause 7.6.2.

7.7 Issuance of first Letter of Credit

The Issuance of the first Letter of Credit under this Agreement is conditional upon (i) delivery to the Borrowers and acceptance by the Borrowers of general terms and conditions relating to the bank guarantees by each of the Original Lenders or (ii) execution of any other arrangement between the relevant Borrower and the relevant Original Lender in relation to the Letters of Credit.

8. **REPAYMENT**

8.1 Repayment of Facility A

The Company (or other Borrowers, as the case may be) shall repay Facility A in instalments by repaying on each Facility A Repayment Date (as described below) the amount set out opposite each Facility A Repayment Date below:

Facility A Repayment Date being the date falling the specified number of Months after the first Utilisation Date	**Repayment Instalment** being the amount due to be prepaid on the corresponding Repayment Date (or if less, the outstanding amount of Facility A)
Each 3 Months period starting from the 3rd Month (and including) and ending on the 45th Month (and including)	PLN 7,500,000
48 Months	PLN 17,500,000

8.2 Repayment of the outstanding amounts on the Final Maturity Date

Notwithstanding Clause 8.1 (*Repayment of Facility A*), the Company shall repay Facility A in full on its Final Maturity Date.

8.3 No re-borrowing

The Company may not reborrow any part of Facility A which is prepaid or repaid.

8.4 Repayment of Facility B

The Borrowers shall repay Facility B in full on its Final Maturity Date.

8.5 Repayment of Facility C

The Borrowers shall repay Facility C in full on its Final Maturity Date.

9. ILLEGALITY, PREPAYMENT AND CANCELLATION

9.1 Illegality

If, at any time, it is or will become unlawful in any applicable jurisdiction for a Lender to perform any of its obligations as contemplated by this Agreement or to fund or maintain the Advance or make any Overdraft Payment or maintain any Overdraft Outstanding Amount, and such unlawfulness cannot be avoided by the affected Lender taking steps reasonably available to it:

9.1.1 that Lender, shall promptly notify the Agent upon becoming aware of that event;

9.1.2 upon the Agent notifying the Obligors' Agent, the Commitment of that Lender will be immediately cancelled; and

9.1.3 the Borrowers shall repay that Lender's participation in the Utilisations made to the Borrowers on the last day of the Interest Period for each Utilisation occurring after the Agent has notified the Obligors' Agent or, if earlier, the date specified by the Lender in the notice delivered to the Agent (being no earlier than the last day of any applicable grace period permitted by law).

9.2 Change of control

9.2.1 If the Investor cease to control (directly or indirectly) a Borrower:

(a) such Borrower shall promptly notify the Agent upon becoming aware of that event;

(b) the Lenders shall not be obliged to fund a Utilisation; and

(c) the Lenders may, by not less than 30 days notice to the Obligors' Agent, cancel the Facilities and declare the Advance and an Overdraft Outstanding Amounts, together with accrued interest, and all other amounts accrued under the Finance Documents immediately due and payable, at which time the Facilities will be cancelled and all such outstanding amounts will become immediately due and payable.

9.2.2 For the purpose of Clauses 9.2.1 above "**control**" means:

(a) the power (whether by way of ownership of shares, proxy, contract, agency or otherwise) to:

(i) cast, or control the casting of, more than one-half of the maximum number of votes that might be cast at a general meeting of a Borrower; or

(ii) appoint or remove all, or the majority, of the board members; or

(iii) give directions with respect to the operating and financial policies of a Borrower which the board members or other executive officers of a Borrower are obliged to comply with; or

(b) the holding of more than one-half of the issued share capital of a Borrower (excluding any part of that issued share capital that carries no right to participate beyond a specified amount in a distribution of either profits or capital).

9.3 Insurance Proceeds

9.3.1 For the purposes of this Clause 9.3 (*Insurance Proceeds*):

"**Insurance Proceeds**" means the proceeds of any insurance claim under any insurance maintained by any Borrower except for Excluded Insurance Proceeds and after deducting any reasonable expenses in relation to that claim which are incurred by any member of the CEDC Group to persons who are not members of the CEDC Group.

"**Excluded Insurance Proceeds**" means any proceeds of an insurance claim which a Borrower notifies the Agent are, or are to be, applied:

(a) to meet a third party claim;

(b) in the replacement, reinstatement and/or repair of the assets or otherwise in amelioration of the loss in respect of which the relevant insurance claim was made; or

(c) for the purchase of other fixed assets for the CEDC Group,

in each case as soon as possible (but in any event within 3 Months, or such longer period as the Majority Lenders may agree) after receipt.

9.3.2 The relevant Borrower shall prepay Advance by the amount of Insurance Proceeds in the order of application contemplated in Clause 9.3.3 and at the times contemplated in Clause 9.3.4.

9.3.3 A prepayment made under Clause 9.3.2 (*Insurance Proceeds*) shall be applied in the following order:

(a) first, in prepayment of Advances under Facility A, to satisfy the obligations under Clause 8.1 (*Repayment*) in inverse chronological order; and

(b) then, in repayment of Overdraft Outstanding Amounts.

9.3.4 The Borrowers shall prepay Advances (or Overdraft Outstanding Amounts) on the nearest last day of an Interest Period.

9.4 Voluntary prepayment of Facility A

9.4.1 The Company may, if it gives the Agent not less than ten Business Days' (or such shorter period as all Lenders may agree) prior notice, prepay the whole or any part of Facility A (but, if in part, being an amount that reduces Facility A by a minimum amount of PLN 5,000,000).

9.4.2 Facility A may only be prepaid after the last day of the Availability Period (or, if earlier, the day on which the applicable Available Facility is zero).

9.4.3 Any prepayment under this Clause 9.3 shall satisfy the obligations under Clause 8.1 (*Repayment*) in inverse chronological order.

10. RESTRICTIONS

10.1 Notices of Cancellation or Prepayment

Any notice of cancellation, prepayment, authorisation or other election given by any Party under Clause 9 (*Illegality, voluntary prepayment and cancellation*) shall be irrevocable and, unless a contrary indication appears in this Agreement, any such notice shall specify the date or dates upon which the relevant cancellation or prepayment is to be made and the amount of that cancellation or prepayment.

10.2 Interest and other amounts

Any prepayment under this Agreement shall be made together with accrued interest on the amount prepaid and, subject to any Break Costs, without premium or penalty.

10.3 Prepayment in accordance with Agreement

The Borrowers shall not repay or prepay all or any part of Facility A or cancel all or any part of an Available Facility except at the times and in the manner expressly provided for in this Agreement.

10.4 No reinstatement

No amount of any Facility cancelled under this Agreement may be subsequently reinstated.

11. INTEREST

11.1 Calculation of interest (Facility A)

The rate of interest on the Advance for each Interest Period is the percentage rate per annum which is the aggregate of the applicable:

11.1.1 Margin;

11.1.2 WIBOR; and

11.1.3 Mandatory Costs (if any).

11.2 Calculation of interest (Facility B and Facility C)

The rate of interest on the Overdraft Outstanding Amounts for each Interest Period shall be calculated for each day during an Interest Period in relation to the Overdraft Outstanding Amount and is the percentage per annum which is the aggregate of the applicable:

11.2.1 Margin;

11.2.2 WIBOR; and

11.2.3 Mandatory Costs (if any).

11.3 Payment of interest

On the last day of each Interest Period the relevant Borrower shall pay accrued interest on the Advance and an Overdraft Outstanding Amounts which that Interest Period relates. Any payment of accrued interest in relation to any Overdraft Outstanding Amount may be paid by causing or increasing a negative balance in the relevant Overdraft Account, without a need to file an Overdraft Instruction (but always subject to Available Facility).

11.4 Default interest

11.4.1 If an Obligor fails to pay any amount payable by it under a Finance Document on its due date, interest shall accrue on the overdue amount from the due date up to the date of actual payment (both before and after judgment) at a rate which, subject to sub-clause 11.4.2 below, is two per cent higher than the rate which would have been payable if the overdue amount had, during the period of non-payment, constituted the Advance or an Overdraft Payment in the currency of the overdue amount for successive Interest Periods, each of a

duration selected by the Agent (acting reasonably). Any interest accruing under this Clause 11.4 shall be immediately payable by the Obligor on demand by the Agent.

11.4.2 If any overdue amount consists of all or part of the Advance or an Overdraft Payment which became due on a day which was not the last day of an Interest Period relating to that Advance or Overdraft Payment:

(a) the first Interest Period for that overdue amount shall have a duration equal to the unexpired portion of the current Interest Period relating to that Advance or Overdraft Payment; and

(b) the rate of interest applying to the overdue amount during that first Interest Period shall be two per cent. higher than the rate which would have applied if the overdue amount had not become due.

11.4.3 Default interest (if unpaid) arising on any overdue amount under a Facility will be compounded with the overdue amount under that Facility at the end of each Interest Period applicable to that overdue amount but will remain immediately due and payable.

11.5 Notification of rates of interest

The Agent shall promptly notify the Company of the determination of a rate of interest under this Agreement.

12. INTEREST PERIODS

12.1 Length of Interest Periods

12.1.1 The Interest Periods for Facility A shall be three Months only.

12.1.2 The Interest Periods for Facility B and Facility C shall be one Month only.

12.1.3 An Interest Period for the Advance or an Overdraft Outstanding Amount shall not extend beyond the Final Repayment Date applicable to its Facility.

12.1.4 The first Interest Period for a Facility A Advance shall start on the Utilisation Date. Any Interest Period other than the first one shall start on the last day of the preceding Interest Period.

12.1.5 The first Interest Period for an Overdraft Outstanding Amount shall start on the date of the first Overdraft Payment and end on the last day of calendar month in which that Overdraft Payment was made. Any Interest Period other than the first one shall start on the last day of the preceding Interest Period. For the avoidance of doubt the last day of an Interest Period shall be counted only once.

12.2 Non-Business Days

If an Interest Period would otherwise end on a day which is not a Business Day, that Interest Period will instead end on the next Business Day in that calendar month (if there is one) or the preceding Business Day (if there is not).

13. **CHANGES TO THE CALCULATION OF INTEREST**

13.1 Absence of quotations

Subject to Clause 13.2 (*Market disruption*), if WIBOR is to be determined by reference to the Reference Banks but a Reference Bank does not supply a quotation by the Specified Time on the Quotation Day, the applicable WIBOR shall be determined on the basis of the quotations of the remaining Reference Banks.

13.2 Market disruption

13.2.1 If a Market Disruption Event occurs in relation to the Advance or an Overdraft Outstanding Amount for any Interest Period, then the rate of interest on that each Lender's share of the Advance or an Overdraft Outstanding Amount for the Interest Period shall be the percentage rate per annum which is the sum of:

(a) the Margin;

(b) the rate notified to the Agent by that Lender as soon as practicable and in any event before interest is due to be paid in respect of that Interest Period, to be that which expresses as a percentage rate per annum the cost to that Lender of funding that Advance or Overdraft Outstanding Amount from whatever source it may reasonably select; and

(c) the Mandatory Cost, if any

13.2.2 In this Agreement "**Market Disruption Event**" means:

(a) at or about noon on the Quotation Day for the relevant Interest Period the Screen Rate is not available and none or only one of the Reference Banks supplies a rate to the Agent to determine WIBOR for the relevant currency and Interest Period; or

(b) before close of business in London or Warsaw on the Quotation Day for the relevant Interest Period, the Agent determines that the cost to it of obtaining matching deposits in the Relevant Interbank Market would be in excess of WIBOR.

13.3 Alternative basis of interest or funding

13.3.1 If a Market Disruption Event occurs and the Agent or the Obligor's Agent so requires, the Agent and the Obligor's Agent shall enter into negotiations (for a period of not more than thirty days) with a view to agreeing a substitute basis for determining the rate of interest.

13.3.2 Any alternative basis agreed pursuant to sub-clause 13.3.1 above shall be binding on all Parties.

13.4 Break Costs

Each Borrower shall, within three Business Days of demand by a Finance Party, pay to that Finance Party its Break Costs attributable to all or any part of the Advance or

Unpaid Sum being paid by that Borrowers on a day other than the last day of an Interest Period for that Advance or Unpaid Sum.

14. **FEES**

14.1 Commitment fee

14.1.1 The Borrowers shall pay to the relevant Lender a commitment fee in PLN computed at the rate of:

(a) 0.15 per cent, per annum on the Available Facility under Facility B for the Availability Period applicable to Facility B; and

(b) 0.15 per cent, per annum on the Available Facility under Facility C for the Availability Period applicable to Facility C.

14.1.2 The accrued commitment fee is payable on the last day of each successive period of three Months which ends during the relevant Availability Period, on the last day of the Availability Period and, if cancelled in full, on the cancelled amount of an Available Facility at the time the cancellation is effective.

14.2 Up-front fee

14.2.1 The Borrowers shall pay to the Original Lenders an up-front fee in PLN computed at the rate of: (i) 0.40 per cent. of the Total Facility A Commitment and (ii) 0.15 per cent of the Total Facility B Commitments and the Total Facility C Commitments on the earlier of:

(a) the first Utilisation Date; and

(b) ten (10) days after the date of this Agreement.

14.2.2 The amount of each Original Lender's share of the up-front fee will be its pro rata share in the relevant Total Commitments.

14.3 Agency fee

Not later than three (3) days after the date of this Agreement and on each anniversary of this Agreement, the Company shall pay to the Agent (for its own account) an agency fee in amount of PLN 10,000.

14.4 Letters of Credit fees

The Borrowers shall pay fees for issuing each Letter of Credit in accordance with relevant tables of fees of the Original Lenders. or as otherwise agreed between the relevant Borrower and the relevant Original Lender.

15. **TAX GROSS-UP AND INDEMNITIES**

15.1 Definitions

15.1.1In this Agreement:

(a) "**Qualifying Lender**" means a Lender which is beneficially entitled to interest payable to that Lender in respect of the Advance or an Overdraft Outstanding Amount under a Finance Document and is:

(i) a Lender:

(A) which is a bank making the Advance or an Overdraft Payment order under a Finance Document; or

(B) in respect of the Advance or an Overdraft Outstanding Amount made under a Finance Document by a person that was a bank at the time that that Advance or relevant Overdraft Payment was made,

(C) and which is within the charge to Polish corporation tax as respects any payments of interest made in respect of that advance;

(ii) a Lender which is a company resident in Poland for Polish tax purposes in relation to a Facility; or

(iii) a Treaty Lender.

(b) "**Tax Credit**" means a credit against, relief or remission for, or repayment of any Tax.

(c) "**Tax Deduction**" means a deduction or withholding for or on account of Tax from a payment under a Finance Document.

(d) "**Tax Payment**" means either the increase in a payment made by an Obligor to a Lender under Clause 15.2 (*Tax gross-up*) or a payment under Clause 15.3 (*Tax indemnity*).

(e) "**Treaty Lender**" means a Lender which:

(i) is treated as a resident of a Treaty State for the purposes of the Treaty;

(ii) does not carry on a business in Poland through a permanent establishment with which a Lender's funding of the Advance or on Overdraft Outstanding Amount is effectively connected.

(f) "**Treaty State**" means a jurisdiction having a double taxation agreement (a "**Treaty**") with the Republic of Poland which makes provision for full exemption from tax imposed by the Republic of Poland on interest.

15.1.2 Unless a contrary indication appears, in this Clause 15 a reference to "determines" or "determined" means a determination made in the absolute discretion of the person making the determination.

15.2 Tax gross-up

15.2.1 Each Obligor shall make all payments to be made by it without any Tax Deduction, unless a Tax Deduction is required by law.

15.2.2 The Borrowers shall promptly upon becoming aware that an Obligor must make a Tax Deduction (or that there is any change in the rate or the basis of a Tax Deduction) notify the Agent accordingly. Similarly, a Lender shall notify the Agent on becoming so aware in respect of a payment payable to that Lender. If the Agent receives such notification from a Lender it shall notify the Borrowers and that Obligor.

15.2.3 If a Tax Deduction is required by law to be made by an Obligor, the amount of the payment due from that Obligor shall be increased to an amount which (after making any Tax Deduction) leaves an amount equal to the payment which would have been due if no Tax Deduction had been required.

15.2.4 An Obligor is not required to make an increased payment to a Lender under sub-clause 15.2.3 above for a Tax Deduction in respect of tax imposed by the Republic of Poland from a payment of interest on the Advance or an Overdraft Outstanding Amount, if on the date on which the payment falls due:

(a) the payment could have been made to a Lender without a Tax Deduction if it was a Qualifying Lender, but on that date such Lender is not or has ceased to be a Qualifying Lender other than as a result of any change after the date of this Agreement in (or in the interpretation, administration, or application of) any law or Treaty, or any published practice or concession of any relevant taxing authority; or

(b) a Lender is a Treaty Lender and the Obligor making the payment is able to demonstrate that the payment could have been made to such Lender without the Tax Deduction had that Lender complied with its obligations under sub-clause 15.2.7 below.

15.2.5 If an Obligor is required to make a Tax Deduction, that Obligor shall make that Tax Deduction and any payment required in connection with that Tax Deduction within the time allowed and in the minimum amount required by law.

15.2.6 Within thirty days of making either a Tax Deduction or any payment required in connection with that Tax Deduction, the Obligor making that Tax Deduction shall deliver to the Agent for the Finance Party entitled to the payment an original receipt (or certified copy thereof), or if unavailable evidence reasonably satisfactory to that Finance Party that the Tax Deduction has been made or (as applicable) any appropriate payment paid to the relevant taxing authority.

15.2.7 If the Lender is a Treaty Lender then the Lender and each Obligor which makes a payment to the Lender shall, upon specific written request, co-operate in completing any procedural formalities necessary for that Obligor to obtain authorisation to make that payment without a Tax Deduction.

15.3 Tax indemnity

15.3.1 The Borrowers shall (within three Business Days of demand by the Agent) pay to the Finance Party an amount equal to the loss, liability or cost which that Finance Party determines will be or has been (directly or indirectly) suffered for or on account of Tax by that Finance Party in respect of a Finance Document.

15.3.2 Sub-clause 15.3.1 above shall not apply:

(a) with respect to any Tax assessed on the Finance Party:

(b) under the law of the jurisdiction in which such Finance Party is incorporated or, if different, the jurisdiction (or jurisdictions) in which such Finance Party is treated as resident for tax purposes; or

(c) under the law of the jurisdiction in which the Lender's Facility Office is located in respect of amounts received or receivable in that jurisdiction,

if that Tax is imposed on or calculated by reference to the net income received or receivable (but not any sum deemed to be received or receivable) by such Finance Party; or

(d) to the extent a loss, liability or cost:

(i) is compensated for by an increased payment under Clause 15.2 (*Tax gross-up*); or

(ii) would have been compensated for by an increased payment under Clause 15.2 (*Tax gross-up*) but was not so compensated solely because one of the exclusions in sub-clause 15.2.4 of Clause 15.2 (*Tax gross-up*) applied.

15.3.3 If a Finance Party makes or intends to make a claim under sub-clause 15.3.1 above, such Finance Party shall promptly notify the Agent of the event which will give, or has given, rise to the claim.

15.4 Tax Credit

If an Obligor makes a Tax Payment and the relevant Finance Party determines that:

15.4.1 a Tax Credit is attributable either to an increased payment of which that Tax Payment forms part, or to that Tax Payment; and

15.4.2 that Finance Party has obtained, utilised and fully retained that Tax Credit on an affiliated group basis,

the Finance Party shall pay an amount to the Obligor which that Finance Party determines will leave it (after that payment) in the same after-Tax position as it would have been in had the Tax Payment not been required to be made by the Obligor.

15.5 Stamp taxes

The Borrowers shall pay and, within three Business Days of demand, indemnify each Finance Party against any cost, loss or liability that such Finance Party incurs in relation to all stamp duty, registration, tax on civil law transactions and other similar Taxes payable in respect of any Finance Document.

15.6 Value added tax

15.6.1 All amounts set out, or expressed to be payable under a Finance Document by an Obligor to a Finance Party which (in whole or in part) constitute the consideration for a supply or supplies for VAT purposes shall be deemed to be exclusive of any VAT which is chargeable on such supply, and accordingly, subject to sub-clause 15.6.2 below, if VAT is chargeable on any supply made by any Finance Party to an Obligor under a Finance Document, that Obligor shall pay to that Finance Party (in addition to and at the same time as paying the consideration) an amount equal to the amount of the VAT (and such Finance Party shall promptly provide an appropriate VAT invoice to that Obligor).

15.6.2 If VAT is chargeable on any supply made by any Finance Party (the "**Supplier**") to any other Finance Party (the "**Recipient**") under a Finance Document, and any Party (the "**Relevant Party**") is required by the terms of any Finance Document to pay an amount equal to the consideration for such supply to the Supplier (rather than being required to reimburse the Recipient in respect of that consideration), such Party shall also pay to the Supplier (in addition to and at the same time as paying such amount) an amount equal to the amount of such VAT. The Recipient will promptly pay to the Relevant Party an amount equal to any credit or repayment from the relevant tax authority which it reasonably determines relates to the VAT chargeable on that supply.

15.6.3 Where a Finance Document requires an Obligor to reimburse a Finance Party for any costs or expenses, that Obligor shall also at the same time pay and indemnify the Finance Party against all VAT incurred by the Finance Party in respect of the costs or expenses to the extent that the Finance Party reasonably determines that neither it nor any other member of any group of which it is a member for VAT purposes is entitled to credit or repayment from the relevant tax authority in respect of the VAT.

16. INCREASED COSTS

16.1 Increased costs

16.1.1 Subject to Clause 16.4 (*Exceptions*) the Borrowers shall, within three Business Days of a demand by the Agent, pay for the account of a Finance Party the amount of any Increased Costs incurred by that Finance Party or any of its Affiliates as a result of (a) the introduction of or any change in (or in the interpretation, administration or application of) any law or regulation or (b) compliance with any law or regulation made after the date of this Agreement.

16.1.2 In this Agreement "**Increased Costs**" means:

(a) a reduction in the rate of return from a Facility or on a Finance Party's (or its Affiliate's) overall capital;

(b) an additional or increased cost; or

(c) a reduction of any amount due and payable under any Finance Document,

which is incurred or suffered by a Finance Party or any of its Affiliates to the extent that it is attributable to that Finance Party having entered into its Commitment or funding or performing its obligations under any Finance Document, and that cannot be avoided by such Finance Party or Affiliate taking steps reasonably available to it.

16.2 Increased cost claims

If a Finance Party intends to make a claim pursuant to Clause 16.1 (*Increased costs*), it shall notify the Agent of the event giving rise to the claim, following which the Agent shall promptly notify the Company.

16.3 Bank Guarantee Fund Fee

16.3.1 A Lender may, after paying any amount in respect of the Bank Guarantee Fund Fee, notify the Borrowers thereof (certifying the amount of each payment).

16.3.2 The Borrowers shall, within five Business Days of notification from a Lender, pay for the account of such Lender the amount of the Bank Guarantee Fund Fee, as specified by such Lender in such notification.

16.4 Exception

16.4.1 Clause 16.1 (*Increased costs*) does not apply to the extent any Increased Cost is:

(a) attributable to a Tax Deduction required by law to be made by an Obligor;

(b) compensated for by Clause 15.3 (*Tax indemnity*) (or would have been compensated for under Clause 15.3 (*Tax indemnity*) but was not so compensated solely because any of the exclusions in sub-clause 15.3.2 of Clause 15.3 (*Tax indemnity*) applied); or

(c) attributable to the wilful breach by the relevant Finance Party or its Affiliates of any law or regulation.

16.4.2 In this Clause 16.4, a reference to a "**Tax Deduction**" has the same meaning given to the term in Clause 15.1 (*Definitions*).

17. OTHER INDEMNITIES

17.1 Currency indemnity

17.1.1 If any sum due from an Obligor under the Finance Documents (a "**Sum**"), or any order, judgment or award given or made in relation to a Sum, has to be converted from the currency (the "**First Currency**") in which that Sum is payable into another currency (the "**Second Currency**") for the purpose of:

(a) making or filing a claim or proof against that Obligor;

(b) obtaining or enforcing an order, judgment or award in relation to any litigation or arbitration proceedings,

that Obligor shall as an independent obligation, within three Business Days of demand, indemnify each Finance Party to whom that Sum is due against any cost, loss or liability arising out of or as a result of the conversion including any discrepancy between (i) the rate of exchange used to convert that Sum from the First Currency into the Second Currency and (ii) the rate or rates of exchange available to that person at the time of its receipt of that Sum.

17.1.2 Each Obligor waives any right it may have in any jurisdiction to pay any amount under the Finance Documents in a currency or currency unit other than that in which it is expressed to be payable.

17.2 Other indemnities

17.2.1 The Borrowers shall (or shall procure that an Obligor will), within three Business Days of demand, indemnify each Finance Party against any cost, loss or liability incurred by such Finance Party as a result of:

(a) the occurrence of any Event of Default;

(b) a failure by an Obligor to pay any amount due under a Finance Document on its due date, including without limitation, any cost, loss or liability arising as a result of Clause 29 (*Sharing among the Finance Parties*);

(c) funding, or making arrangements to fund, its participation in the Advance or an Overdraft Payment requested by a Borrower in a Utilisation Request or Overdraft Instruction but not made by reason of the operation of any one or more of the provisions of this Agreement (other than by reason of default or negligence by a Finance Party); or

(d) the Advance (or part of the Advance) not being prepaid in accordance with a notice of prepayment given by a Borrower.

17.2.2 The Borrowers shall promptly indemnify each Finance Party against any cost, loss or liability incurred by that Finance Party (acting reasonably) as a result of:

(a) investigating any event which it reasonably believes is a Default; or

(b) acting or relying on any notice, request or instruction which it reasonably believes to be genuine, correct and appropriately authorised.

18. **MITIGATION BY THE LENDERS**

18.1 Mitigation

18.1.1 Each Finance Party shall, in consultation with the Borrower, take all reasonable steps to mitigate any circumstances which arise and which would result in any amount becoming payable under or pursuant to, or cancelled pursuant to, any of Clause 9.1 (*Illegality*), Clause 15 (*Tax gross-up and indemnities*), Clause 16 (*Increased costs*), or definition of Mandatory Cost including (but not limited to) transferring its rights and obligations under the Finance Documents to another Affiliate or Facility Office.

18.1.2 Sub-clause 18.1.1 above does not in any way limit the obligations of any Obligor under the Finance Documents.

18.2 Limitation of liability

18.2.1 The Borrowers shall indemnify each Finance Party for all costs and expenses reasonably incurred by that Finance Party as a result of steps taken by it under Clause 18.1 (*Mitigation*).

18.2.2 No Finance Party is obliged to take any steps under Clause 18.1 (*Mitigation*) if, in the opinion of that Finance Party (acting reasonably), to do so might be prejudicial to it.

19. **COSTS AND EXPENSES**

19.1 Transaction legal expenses

The Borrowers shall promptly on demand pay each Finance Party the amount of all reasonable costs of establishing the Transaction Security and legal costs and expenses (capped in the case of the costs of Polish counsel at the amount agreed in the engagement letter between the Agent and the Agent's Polish counsel dated 17 November 2010 with amendments, if any) incurred by it in connection with the negotiation, preparation and execution of:

19.1.1 this Agreement and any other documents referred to in this Agreement; and

19.1.2 any other Finance Documents executed after the date of this Agreement.

19.2 Amendment costs

19.2.1 If:

(a) an Obligor requests an amendment, waiver or consent; or

(b) an amendment is required pursuant to Clause 30.10 (*Change of currency*),

the Borrowers shall, within three Business Days of demand, reimburse each relevant Finance Party for the amount of costs and expenses (including legal fees) reasonably incurred by such Finance Party in responding to, evaluating,

negotiating or complying with that request or requirement up to the amount agreed upfront between the such Finance Party and the Borrowers.

19.3 Enforcement costs

The Borrowers shall, within three Business Days of demand, pay to each Finance Party the amount of all costs and expenses (including legal fees) incurred by that Finance Party in connection with the enforcement of, or the preservation of any rights under, any Finance Document.

20. GUARANTEE AND INDEMNITY

20.1 Guarantee and indemnity

20.1.1 Each Guarantor irrevocably and unconditionally jointly and severally:

(a) guarantees up to the maximum amount of PLN 495.000,000 (four hundred ninety five million zlotys) to each Finance Party punctual performance by each Obligor of all that Obligor's obligations under the Finance Documents;

(b) undertakes with each Finance Party that whenever an Obligor does not pay any amount when due under or in connection with any Finance Document, that Guarantor shall immediately on demand pay that amount as if it was the principal obligor; and

(c) indemnifies each Finance Party immediately on demand against any cost, loss or liability suffered by that Finance Party (a) if any obligation guaranteed by it is or becomes unenforceable, invalid or illegal or (b) by operation of law. The amount of the cost, loss or liability shall be equal to the amount which that Finance Party would otherwise have been entitled to recover under the Finance Documents.

20.1.2 The guarantee granted under this Clause 20.1 shall expire on 31 December 2015.

20.2 Continuing guarantee

This guarantee is a continuing guarantee and will extend to the ultimate balance of sums payable by any Obligor under the Finance Documents, regardless of any intermediate payment or discharge in whole or in part.

20.3 Reinstatement

If any payment by an Obligor or any discharge given by a Finance Party (whether in respect of the obligations of any Obligor or any security for those obligations or otherwise) is avoided or reduced as a result of insolvency or any similar event:

20.3.1 the liability of each Obligor shall continue as if the payment, discharge, avoidance or reduction had not occurred; and

20.3.2 each Finance Party shall be entitled to recover the value or amount of that security or payment from each Obligor, as if the payment, discharge, avoidance or reduction had not occurred.

20.4 Waiver of defences

20.4.1 The obligations of each Guarantor under this Clause 20 will not be affected by an act, omission, matter or thing which, but for this Clause, would reduce, release or prejudice any of its obligations under this Clause 20 (without limitation and whether or not known to it or any Finance Party) including:

(a) any time, waiver or consent granted to, or composition with, any Obligor or other person;

(b) the release of any other Obligor or any other person under the terms of any composition or arrangement with any creditor of any member of the Group;

(c) the taking, variation, compromise, exchange, renewal or release of, or refusal or neglect to perfect, take up or enforce, any rights against, or security over assets of, any Obligor or other person or any non-presentation or non-observance of any formality or other requirement in respect of any instrument or any failure to realise the full value of any security;

20.4.2 any incapacity or lack of power, authority or legal personality of or dissolution or change in the members or status of an Obligor or any other person;

20.4.3 any amendment, novation, supplement, extension restatement (however fundamental and whether or not more onerous) or replacement of a Finance Document or any other document or security including without limitation any change in the purpose of, any extension of or any increase in any facility or the addition of any new facility under any Finance Document or other document;

20.4.4 any unenforceability, illegality or invalidity of any obligation of any person under any Finance Document or any other document or security; or

20.4.5 any insolvency or similar proceedings.

20.5 Immediate recourse

Each Guarantor waives any right it may have of first requiring a Finance Party (or any trustee or agent on its behalf) to proceed against or enforce any other rights or security or claim payment from any person before claiming from that Guarantor under this Clause 20. This waiver applies irrespective of any law or any provision of a Finance Document to the contrary.

20.6 Appropriations

20.6.1 Until all amounts which may be or become payable by the Obligors under or in connection with the Finance Documents have been irrevocably paid in full, each Finance Party (or any trustee or agent on its behalf) may:

(a) refrain from applying or enforcing any other moneys, security or rights held or received by that Finance Party (or any trustee or agent on its behalf) in respect of those amounts, or apply and enforce the same in such manner and order as it sees fit (whether against those amounts or otherwise) and no Guarantor shall be entitled to the benefit of the same; and

(b) hold in an interest-bearing suspense account any moneys received from any Guarantor or on account of any Guarantor's liability under this Clause 20.

20.7 Deferral of Guarantors' rights

20.7.1 Until all amounts which may be or become payable by the Obligors under or in connection with the Finance Documents have been irrevocably paid in full and unless the Agent otherwise directs, no Guarantor will exercise any rights which it may have by reason of performance by it of its obligations under the Finance Documents:

(a) to be indemnified by an Obligor;

(b) to claim any contribution from any other guarantor of any Obligor's obligations under the Finance Documents; and/or

(c) to take the benefit (in whole or in part and whether by way of subrogation or otherwise) of any rights of the Finance Parties under the Finance Documents or of any other guarantee or security taken pursuant to, or in connection with, the Finance Documents by any Finance Party.

20.7.2 If a Guarantor receives any benefit, payment or distribution in relation to such rights it shall hold that benefit, payment or distribution to the extent necessary to enable all amounts which may be or become payable to the Finance Parties by the Obligors under or in connection with the Finance Documents to be repaid in full on trust for the Finance Parties and shall promptly pay or transfer to same to the Agent or as the Agent may direct for application in accordance with Clause 30 (*Payment mechanics*).

20.8 Release of Guarantors' right of contribution

If any Guarantor (a "**Retiring Guarantor**") ceases to be a Guarantor in accordance with the terms of the Finance Documents for the purpose of any sale or other disposal of that Retiring Guarantor then on the date such Retiring Guarantor ceases to be a Guarantor:

20.8.1 that Retiring Guarantor is released by each other Guarantor from any liability (whether past, present or future and whether actual or contingent) to make a contribution to any other Guarantor arising by reason of the performance by any other Guarantor of its obligations under the Finance Documents; and

20.8.2 each other Guarantor waives any rights it may have by reason of the performance of its obligations under the Finance Documents to take the benefit (in whole or in part and whether by way of subrogation or otherwise)

of any rights of the Finance Parties under any Finance Document or of any other security taken pursuant to, or in connection with, any Finance Document where such rights or security are granted by or in relation to the assets of the Retiring Guarantor.

20.9 Additional security

This guarantee is in addition to and is not in any way prejudiced by any other guarantee or security now or subsequently held by any Finance Party.

21. REPRESENTATIONS

21.1 General

Each Obligor makes the representations and warranties set out in this Clause 21 to each Finance Party.

Status, authorisations and governing law

21.2 Status

21.2.1 It and each of its Subsidiaries is duly incorporated or organised and validly existing under the law of its jurisdiction of incorporation.

21.2.2 It and each of its Subsidiaries has the power to own its assets and carry on its business as it is being conducted.

21.3 Binding obligations

21.3.1 Subject to the Legal Reservations:

(a) the obligations expressed to be assumed by it in each Finance Document to which it is a party are legal, valid, binding and enforceable obligations; and

(b) (without limiting the generality of paragraph (a) above, each Transaction Security Document to which it is a party creates the security interests which that Transaction Security Document purports to create and those security interests are valid and effective.

21.4 Non-conflict with other obligations

21.4.1 The entry into and performance by it of, and the transactions contemplated by, the Finance Documents and the granting of the Transaction Security do not and will not conflict with:

(a) any law or regulation applicable to it;

(b) the constitutional documents of any member of the Group; or

(c) any agreement or instrument binding upon it or any member of the Group or any of its or any member of the Group's assets or constitute a default or termination event (however described) under any such agreement or instrument, including, without limitation, the Indenture.

21.5 Power and authority

21.5.1 It has the power to enter into, perform and deliver, and has taken all necessary action to authorise its entry into, performance and delivery of, the Finance Documents to which it is or will be a party and the transactions contemplated by those Finance Documents.

21.5.2 No limit on its powers will be exceeded as a result of the borrowing, grant of security or giving of guarantees or indemnities contemplated by the Finance Documents to which it is a party.

21.6 Validity and admissibility in evidence

21.6.1 All Authorisations required or desirable:

(a) to enable it lawfully to enter into, exercise its rights and comply with its obligations in the Finance Documents to which it is a party; and

(b) to make the Finance Documents to which it is a party admissible in evidence in its Relevant Jurisdiction,

(c) have been obtained or effected and are in full force and effect.

21.6.2 All Authorisations necessary for the conduct of the business, trade and ordinary activities of members of the CEDC Group have been obtained or effected and are in full force and effect.

21.7 Governing law and enforcement

21.7.1 The choice of governing law of the Finance Documents will be recognised and enforced in its Relevant Jurisdiction.

21.7.2 Any judgment obtained in relation to a Finance Document in the jurisdiction of the governing law of that Finance Document will be recognised and enforced in its Relevant Jurisdiction.

No insolvency, default or tax liability

21.8 Insolvency

No:

21.8.1 corporate action, legal proceeding or other procedure or step described in Clause 25.8 (*Insolvency proceedings*); or

21.8.2 creditors' process described in Clause 25.9 (*Creditors' process*),

has been taken or, to the knowledge of the Investor, threatened in relation to it and none of the circumstances described in Clause 25.7 (*Insolvency*) applies to it.

21.9 No filing or stamp taxes

Under the laws of its Relevant Jurisdiction it is not necessary that the Finance Documents be filed, recorded or enrolled with any court or other authority in that

jurisdiction or that any stamp, tax on civil law transactions, registration, notarial or similar Taxes or fees be paid on or in relation to the Finance Documents or the transactions contemplated by the Finance Documents (except registration of the Share Pledges and payment of associated fees) and which registrations, filings and fees will be made and paid promptly after the date of the relevant Finance Document.

21.10Deduction of Tax

It is not required to make any deduction for or on account of Tax from any payment it may make under any Finance Document.

21.11No default

21.11.1No Default is continuing or is reasonably likely to result from the making of any Utilisation or the entry into, the performance of, or any transaction contemplated by, any Finance Document.

21.11.2No other event or circumstance is outstanding which constitutes (or, with the expiry of a grace period, the giving of notice, the making of any determination or any combination of any of the foregoing, would constitute) a default or termination event (however described) under any other agreement or instrument which is binding on it or any of its Subsidiaries or to which its (or any of its Subsidiaries') assets are subject which has or is reasonably likely to have a Material Adverse Effect.

21.12Taxation

21.12.1 It is not (and none of its Subsidiaries is) materially overdue in the filing of any Tax returns and it is not (and none of its Subsidiaries is) overdue in the payment of any amount in respect of Tax of PLN 1,250,000 (or its equivalent in any other currency) or more.

21.12.2 No claims or investigations are being, or are reasonably likely to be, made or conducted against it (or any of its Subsidiaries) with respect to Taxes such that a liability of, or claim against, any member of the Group of PLN 1,250,000 (or its equivalent in any other currency) or more is reasonably likely to arise.

21.12.3 It is resident for Tax purposes only in the jurisdiction of its incorporation.

Provision of information - general

21.13No misleading information

21.13.1Save as disclosed in writing to the Agent prior to the date of this Agreement:

(a) any factual information contained in the Information Package was true and accurate in all material respects as at the date of the relevant report or document containing the information or (as the case may be) as at the date the information is expressed to be given;

(b) the Budget has been prepared in accordance with the Accounting Principles as applied to the Original Financial Statements, and the financial projections contained in the Budget have been prepared on

the basis of recent historical information, are fair and based on reasonable assumptions and have been approved by the board of directors of the Investor;

(c) any financial projection or forecast contained in the Information Package has been prepared on the basis of recent historical information and on the basis of reasonable assumptions and was fair (as at the date of the relevant report or document containing the projection or forecast) and arrived at after careful consideration;

(d) the expressions of opinion or intention provided by or on behalf of an Obligor for the purposes of the Information Package were made after careful consideration and (as at the date of the relevant report or document containing the expression of opinion or intention) were fair and based on reasonable grounds;

(e) no event or circumstance has occurred or arisen and no information has been omitted from the Information Package and no information has been given or withheld that results in the information, opinions, intentions, forecasts or projections contained in the Information Package being untrue or misleading in any material respect; and

(f) all other written information provided by any Borrower or the Investor to the Agent was true, complete and accurate in all material respects as at the date it was provided and is not misleading in any respect.

21.14 Original Financial Statements

21.14.1 Its Original Financial Statements were prepared in accordance with the Accounting Principles consistently applied. However in the case of quarterly statements, normal year end adjustments were not made.

21.14.2 Its unaudited Original Financial Statements fairly represent its financial condition and results of operations for the relevant financial quarter.

21.14.3 Its audited Original Financial Statements give a true and fair view of its financial condition and results of operations during the relevant financial year.

21.14.4 There has been no material adverse change in its assets, business or financial condition (or the assets, business or consolidated financial condition of the Group, in the case of the Investor) since the date of the Original Financial Statements.

21.14.5 Its most recent financial statements delivered pursuant to Clause 22.3 (*Financial Statements*):

(a) have been prepared in accordance with the Accounting Principles as applied to the Original Financial Statements; and

(b) give a true and fair view of (if audited) or fairly present (if unaudited) its consolidated financial condition as at the end of, and consolidated results of operations for, the period to which they relate.

21.14.6The budgets and forecasts supplied under this Agreement were arrived at after careful consideration and have been prepared in good faith on the basis of recent historical information and on the basis of assumptions which were reasonable as at the date they were prepared and supplied.

21.14.7Since the date of the most recent financial statements delivered pursuant to Clause 22.3 *(Financial Statements)* there has been no material adverse change in the business, assets or financial condition of the Group.

No proceedings or breach of laws

21.15No proceedings pending or threatened

No litigation, arbitration or administrative proceedings of, or before, any court, arbitral body or agency (including, but not limited to, investigative proceedings) which, if adversely determined, might reasonably be expected to have a Material Adverse Effect have (to the best of its knowledge and belief) been started or threatened against any Obligor and/or its Subsidiaries (or against the directors of any Obligor).

21.16No breach of laws

21.16.1It has not (and none of its Subsidiaries has) breached any law or regulation which breach has could reasonably be expected to have a Material Adverse Effect.

21.16.2No labour disputes are current or, to the best of its knowledge and belief (having made due and careful enquiry), threatened against any member of the Group which have or could reasonably be expected to have a Material Adverse Effect.

21.17Environmental laws

21.17.1Each Borrower is in compliance with Clause 24.3 (*Environmental compliance*) and to the best of its knowledge and belief (having made due and careful enquiry) no circumstances have occurred which would prevent such compliance in a manner or to an extent which has or is reasonably likely to have a Material Adverse Effect.

21.17.2No Environmental Claim has been commenced or (to the best of its knowledge and belief (having made due and careful enquiry)) is threatened against a Borrower where that claim has or could reasonably be expected, if determined against it, to have a Material Adverse Effect.

Security and ownership of assets

21.18Security and Financial Indebtedness

21.18.1No Security or Quasi-Security exists over all or any of the present or future assets of each Borrower other than as permitted by this Agreement.

21.18.2No Borrower has any Financial Indebtedness outstanding other than as permitted by this Agreement.

21.18.3After repayment of Financial Indebtedness under the Existing Facility Documents (BRE) and the Existing Facility Documents (Pekao), the Financial Indebtedness of the Borrower shall be set forth in Schedule 11.

21.19Ranking

Other than as provided in the Intercreditor Agreement, the Transaction Security has or will have the ranking in priority which it is expressed to have in the Transaction Security Documents and it is not subject to any prior ranking Security.

21.20Good title to assets

It and each of its Subsidiaries has a good, valid and marketable title to, or valid leases or licences of, and all appropriate Authorisations to use, the assets necessary to carry on its business as presently conducted, subject to Permitted Security.

21.21Legal and beneficial ownership

It and each of its Subsidiaries is the sole legal and beneficial owner of the respective assets over which it purports to grant Transaction Security, subject to Permitted Security.

21.22Shares

The shares in each Borrower which are subject to the Transaction Security are fully paid and not subject to any option to purchase or similar rights. The constitutional documents of the Borrowers do not restrict or inhibit any transfer of those shares on creation or enforcement of the Transaction Security. There are no agreements in force which provide for the issue or allotment of, or grant any person the right to call for the issue or allotment of, any share or loan capital of any member of the CEDC Group (including any option or right of pre-emption or conversion).

21.23Intellectual Property

21.23.1It and each of its Subsidiaries, except as has or is reasonably likely to have no Material Adverse Effect:

(a) is the sole legal and beneficial owner, subject to Permitted Security, of or has licensed to it on normal commercial terms all the intellectual property which is material in the context of its business and which is required by it in order to carry on its business as it is being conducted and as contemplated in the Budget;

(b) does not (nor does any of its Subsidiaries), in carrying on its businesses, infringe any intellectual property of any third party in any respect; and

(c) has taken all formal or procedural actions (including payment of fees) required to maintain any material intellectual property owned by it.

21.23.2There are no adverse circumstances relating to the validity, subsistence or use of any of its or its Subsidiaries' intellectual property which could reasonably be expected to have a Material Adverse Effect.

Provision of information - Group

21.24Group Structure Chart

When delivered, the Group Structure Chart delivered to the Agent pursuant to Part I of Schedule 2 (*Conditions Precedent to initial Utilisation*) shall be true, complete and accurate in all material respects and shall show the following information:

21.24.1each member of the Group, including current name and company registration number, its jurisdiction of incorporation and/or establishment, a list of shareholders and indicating if it is not a company with limited liability; and

21.24.2all minority interests in any member of the Group and any person in which any member of the Group holds shares in its issued share capital or equivalent ownership interest of such person.

21.25Obligors

21.25.1 The aggregate of earnings before interest, tax, depreciation and amortisation (calculated on the same basis as EBITDA) of the Original Obligors, the Russian Guarantors and any Additional Guarantors (calculated on an unconsolidated basis and excluding all intra-Group items and investments in Subsidiaries of any member of the Group) exceeds 50% of EBITDA of the Group.

21.25.2 The aggregate gross assets and the aggregate net assets of the Original Obligors, the Russian Guarantors and any Additional Guarantors (calculated on an unconsolidated basis and excluding all intra-Group items and investments in Subsidiaries of any member of the Group) exceeds 50% of the consolidated gross assets and, respectively, net assets of the Group.

Miscellaneous

21.26Centre of main interests and establishments

21.26.1It has its "centre of main interests" (as that term is used in Article 3(1) of The Council of the European Union Regulation No. 1346/2000 on Insolvency Proceedings (the "**Regulation**") in its jurisdiction of incorporation, other than the Investor which has its "centre of main interests" in Poland.

21.26.2It has no "establishment" (as that term is used in Article 2(h) of the Regulation) in any jurisdiction, other than the Investor which has an "establishment" in the United States of America and the Russian Guarantors which have an "establishment" in the Russian Federation.

21.27No adverse consequences

21.27.1It is not necessary under the laws of its Relevant Jurisdiction:

(a) in order to enable a Finance Party to enforce its rights under any Finance Document; or

(b) by reason of the execution of any Finance Document or the performance by it of its obligations under any Finance Document,

(c) that any Finance Party should be licensed, qualified or otherwise entitled to carry on business in any of its Relevant Jurisdiction.

21.28 Bank Accounts

No Borrower has any bank account other than the Overdraft Bank Accounts, a bank notified to the Agent prior to the date of this Agreement or a bank account notified to the Agent pursuant to Clause 24.24.

21.29 Times when representations made

21.29.1 All the representations and warranties in this Clause 21 are made by each Original Obligor on the date of this Agreement.

21.29.2 All the representations and warranties in this Clause 21 are deemed to be made by each Original Obligor on the first Utilisation Date.

21.29.3 The Repeating Representations are deemed to be made by each Obligor on the date of each Utilisation Request or Overdraft Instruction, on each Utilisation Date and on the first day of each Interest Period (except that those contained in paragraphs (a)-(e) of Clause 21.14 (*Original Financial statements*) will cease to be so made once subsequent financial statements have been delivered under this Agreement).

21.29.4 All the representations and warranties in this Clause 21 except Clause 21.13 (*No misleading information*) and Clause 21.24 (*Group Structure Chart*) are deemed to be made by each Additional Guarantor on the day on which it becomes an Additional Guarantor.

21.30 Each representation or warranty deemed to be made after the date of this Agreement shall be deemed to be made by reference to the facts and circumstances existing at the date the representation or warranty is deemed to be made.

22. INFORMATION UNDERTAKINGS

22.1 The undertakings in this Clause 22 remain in force from the date of this Agreement for so long as any amount is outstanding under the Finance Documents or any Commitment is in force.

22.2 In this Clause 22:

22.2.1 "**Annual Financial Statements**" means the financial statements for a Financial Year delivered pursuant to Clauses 22.3.1 (a) to 22.3.1(c) (*Financial statements*).

22.2.2 "**Quarterly Financial Statements**" means the financial statements delivered pursuant to Clause 22.3.1(d) (*Financial statements*).

22.3 Financial statements

22.3.1 The Investor shall supply to the Agent:

(a) its audited consolidated financial statements for that Financial Year as soon as they are available, but in any event within 60 days after the end of each of its Financial Years;

(b) the audited financial statements of each Borrower for that Financial Year as soon as they are available, but in any event within 180 days after the end of each of its Financial Years;

(c) the audited financial statements of any other Obligor (or if the preparation of audited financial statements is not required pursuant the relevant law the financial statements may be delivered in a form appropriate under such relevant law) for that Financial Year if requested by the Agent as soon as they are available, but in any event within a reasonable time after the end of that Obligor's Financial Year; and

(d) as soon as they are available, but in any event within 45 days after the end of first three financial quarters in each calendar year (and 60 days after the fourth financial quarter in each calendar year) of each of its Financial Years:

(i) its consolidated financial statements for that financial quarter; and

(ii) the stand-alone accounts of each Borrower for that financial quarter.

22.4 Provision and contents of Compliance Certificate

22.4.1 The Investor shall supply a Compliance Certificate to the Agent with each set of its audited consolidated Annual Financial Statements and each set of its consolidated Quarterly Financial Statements.

22.4.2 Each Compliance Certificate shall, amongst other things, set out (in reasonable detail) computations as to compliance with Clause 23 (*Financial Covenants*) and the Margin computations set out in the definition "Margin" as at the date as at which those financial statements were drawn up.

22.4.3 Each Compliance Certificate shall be signed by two directors or officers of the Investor and, if requested by the Agent, shall be reported on by the Investor's Auditors in the form agreed by the Investor and the Agent. If the Agent request reporting on the Compliance Certificate by the Investor's Auditors, the costs of such report shall be borne (i) by the Investor if the computations contained in such Compliance Certificate materially differ from computations provided in the report of Investor's Auditors or (ii) in equal parts by the Investor and the Agent if the computations contained in such Compliance Certificate do not differ materially from computations provided in the report of Investor's Auditors.

22.5 Requirements as to financial statements

22.5.1 The Investor shall procure that each set of Annual Financial Statements, and Quarterly Financial Statements includes a balance sheet, profit and loss account and cashflow statement. In addition the Investor shall procure that each set of Annual Financial Statements shall be audited by the Auditors.

22.5.2 Each set of financial statements delivered pursuant to Clause 22.3 (*Financial statements*):

(a) shall be certified by a director or officers of the relevant company as giving a true and fair view of (in the case of Annual Financial Statements for any Financial Year), or fairly representing (in other cases), its financial condition and operations as at the date as at which those financial statements were drawn up and, in the case of the Annual Financial Statements, shall be accompanied by any letter addressed to the management of the relevant company by the Auditors and accompanying those Annual Financial Statements; and

(b) shall be prepared using the Accounting Principles.

22.5.3 If a Default is continuing and the Agent wishes to discuss the financial position of any member of the Group with the Auditors, the Agent may notify the Investor. In this event, the Investor must ensure that the Auditors are authorised (at the expense of the Investor):

(a) to discuss the financial position of each member of the Group with the Agent on request from the Agent; and

(b) to disclose to the Agent any information which the Agent may reasonably request.

22.6 Budget

22.6.1 The Investor shall supply to the Agent, as soon as the same becomes available but in any event within 30 days before the start of each of its Financial Years, an annual Budget for that financial year.

22.6.2 The Investor shall ensure that each Budget:

(a) is in a form reasonably acceptable to the Agent and includes a projected consolidated profit and loss, balance sheet and cashflow statement for the Group, projected disposals and projected capital expenditure for the Group and projected financial covenant calculations for the financial year to which the Budget relates. The projections shall relate to the 12 month period comprising that Financial Year;

(b) is prepared in accordance with the Accounting Principles and the accounting practices and financial reference periods applied to financial statements under Clause 22.3 (*Financial statements*); and

(c) has been approved by the board of directors of the Investor.

22.6.3 If the Budget is updated or changed, the Investor shall promptly deliver to the Agent such updated or changed Budget together with a written explanation of the main changes in that Budget.

22.7 Information: miscellaneous

22.7.1 The Investor shall supply to the Agent:

(a) at the same time as they are dispatched, copies of all documents dispatched by the Investor or any Borrower to its creditors generally (or any class of them) but, for the avoidance of doubt, not if dispatched only to a single creditor, unless such information is available on the Investor's website, the SEC's EDGAR database or publicly filed with the Warsaw Stock Exchange;

(b) promptly upon becoming aware of them, the details of any litigation, arbitration or administrative proceedings which are current, threatened or pending against any member of the CEDC Group (or against the directors of any member of the CEDC Group), and which, if adversely determined, are reasonably likely to have a Material Adverse Effect or which would involve a liability, or a potential or alleged liability, exceeding PLN 30,000,0000 (or its equivalent in other currencies);

(c) promptly on request, such further information regarding the financial condition, assets and operations of the CEDC Group and/or any member of the CEDC Group (including any requested amplification or explanation of any item in the financial statements, budgets or other material provided by any Obligor under this Agreement, any changes to management of the CEDC Group and an up to date copy of its shareholders' register (or equivalent in its jurisdiction of incorporation)) as the Agent may reasonably request;

(d) promptly upon becoming aware of them, the details of any Environmental Claim which is current, threatened or pending against any member of the CEDC Group which is referred to in Clause 24.4 (*Environmental claims*) or which would involve a potential liability or expenditure exceeding PLN 3,000,000 (or its equivalent in any currency or currencies); and

(e) promptly, such information as the Agent may reasonably require (that the Agent may reasonably require) about assets subject to the Transaction Security and compliance of the Obligors with the terms of any Transaction Security Documents.

22.8 Notification of default

22.8.1 Each Obligor shall notify the Agent of any Default (and the steps, if any, being taken to remedy it) promptly upon becoming aware of its occurrence (unless that Obligor is aware that a notification has already been provided by another Obligor).

22.8.2 Promptly upon a request by the Agent, the Investor shall supply to the Agent a certificate signed by two of its directors or senior officers on its behalf certifying that no Default is continuing (or if a Default is continuing, specifying the Default and the steps, if any, being taken to remedy it).

22.9 "Know your customer" checks

22.9.1 If:

(a) the introduction of or any change in (or in the interpretation, administration or application of) any law or regulation made after the date of this Agreement;

(b) any change in the status of an Obligor or the composition of the shareholders of an Obligor after the date of this Agreement; or

(c) a proposed assignment by the Lender of any of its rights under this Agreement,

(d) obliges the Lender (or, in the case of paragraph (c) above, any prospective new Lender) to comply with "know your customer" or similar identification procedures in circumstances where the necessary information is not already available to it, each Obligor shall promptly upon the request of the Lender supply, or procure the supply of, such documentation and other evidence as is reasonably requested by the Lender (for itself or, in the case of the event described in paragraph (c) above, on behalf of any prospective new Lender) in order for the Lender or, in the case of the event described in paragraph (c) above, any prospective new Lender to carry out and be satisfied it has complied with all necessary "know your customer" or other similar checks under all applicable laws and regulations pursuant to the transactions contemplated in the Finance Documents.

22.9.2 A Borrower shall, by not less than 10 Business Days' prior written notice to the Agent, notify the Agent of its intention to request that one of its Subsidiaries becomes an Additional Guarantor pursuant to Clause 27 (*Changes to the Obligors*).

22.9.3 Following the giving of any notice pursuant to paragraph (c) above, if the accession of such Additional Guarantor obliges a Lender to comply with "know your customer" or similar identification procedures in circumstances where the necessary information is not already available to it, the Company shall promptly upon the request of such Lender supply, or procure the supply of, such documentation and other evidence as is reasonably requested by such Lender (for itself or on behalf of any prospective new Lender) in order for such Lender or any prospective new Lender to carry out and be satisfied it has complied with the results of all necessary "know your customer" or other similar checks under all applicable laws and regulations pursuant to the accession of such Subsidiary to this Agreement as an Additional Guarantor.

23. **FINANCIAL COVENANTS**

23.1 Financial definitions

In this Clause 23 terms have the meanings set out below:

23.1.1 "**Calculation Date**" means the last day of the Calculation Period falling on every 31 March, 30 June, 30 September, 31 December of each year until Final Maturity Date. The first Calculation Date falls on 31 December 2010.

23.1.2 "**Calculation Period**" means each period of twelve months immediately preceding the Calculation Date and ending on the Calculation Date.

23.1.3 "**Capital Lease Obligation**" means, at the time any determination is to be made, the amount of the liability in respect of a capital lease that would at that time be required to be capitalized on a balance sheet prepared in accordance with GAAP, and the stated maturity thereof shall be the date of the last payment of rent or any other amount due under such lease prior to the first date upon which such lease may be prepaid by the lessee without payment of a penalty.

23.1.4 "**Capital Stock**" means:

(a) in the case of a corporation, corporate stock;

(b) in the case of an association or business entity, any and all shares, interests, participations, rights or other equivalents (however designated) of corporate stock;

(c) in the case of a partnership or limited liability company, partnership interests (whether general or limited) or membership interests; and

(d) any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distributions of assets of, the issuing Person,

but excluding from all of the foregoing any debt securities convertible into Capital Stock, whether or not such debt securities include any right of participation with Capital Stock.

23.1.5 "**Consolidated Coverage Ratio**" means, in a given Calculation Period, the ratio of EBITDA to the Fixed Charges of the Group. In addition, for purposes of calculating the Consolidated Coverage Ratio:

(a) acquisitions that have been made by the specified Person or any of its subsidiaries, including through mergers, consolidations, amalgamations or other business combinations and including any related financing transactions, during the four-quarter reference period or subsequent to such reference period and on or prior to the Calculation Date will be given pro forma effect as if they had occurred on the first day of the four-quarter reference period and consolidated cash flow for such reference period will be calculated on a pro forma basis in accordance with Regulation S-X under the Securities Act;

(b) the consolidated cash flow attributable to discontinued operations, as determined in accordance with GAAP, and operations or businesses disposed of prior to the Calculation Date, will be excluded; and

(c) the Fixed Charges attributable to discontinued operations, as determined in accordance with GAAP, and operations or businesses disposed of prior to the Calculation Date, will be excluded, but only to the extent that the obligations giving rise to such Fixed Charges will not be obligations of the specified Person or any of its subsidiaries following the Calculation Date.

23.1.6 "**Consolidated Net Income**" means, with respect to any specified Person for any period, the aggregate of the Net Income of such Person and its subsidiaries for such period, on a consolidated basis, determined in accordance with GAAP, provided that:

(a) the Net Income (but not loss) of any Person that is not a subsidiary or that is accounted for by the equity method of accounting will be included only to the extent of the amount of dividends or similar distributions paid in cash to the specified Person or a subsidiary of the Person;

(b) the cumulative effect of a change in accounting principles will be excluded;

(c) any currency translation gains and losses related to currency re-measurements of Indebtedness, any net loss or gain resulting from hedging transactions for currency exchange risk will be excluded, and any amortization of deferred charges resulting from the application of Accounting Principles Board Opinion No. APB 14-1, Accounting for Convertible Debt Instruments that may be settled in cash upon conversion (including partial cash settlement) will be excluded;

(d) any expenses, charges or other costs related to the offering of notes issued pursuant to the Indenture (including amortization of any such expenses, charges or other costs that have been capitalized) and any other issuance of Equity Interests of the Investor or debt financing will be excluded;

(e) any adjustments to the initial purchase price allocation for acquisitions done after the initial assessment period to the extent such items were included in Consolidated Net Income will be excluded;

(f) any gain or loss realized upon the sale or other disposition of any asset which is not sold or otherwise disposed of in the ordinary course of business will be excluded;

(g) any item classified as a restructuring, direct acquisition related expense, extraordinary or other non-operating gain or loss, including the costs of and accounting for, financial instruments will be excluded;

(h) any impairment loss relating to goodwill or other intangible assets will

be excluded; and

(i) any premium, penalty, or fee paid in relation to any repayment, prepayment, redemption or purchase of debt will be excluded.

23.1.7 "**EBITDA**" means, for each Calculation Period, the Consolidated Net Income of Investor, including without duplication:

(a) provision for taxes based on income or profits of Investor and its subsidiaries for such period, to the extent that such provision for taxes was deducted in computing such Consolidated Net Income; plus

(b) the Fixed Charges of Investor and its subsidiaries for such period, to the extent that such Fixed Charges were deducted in computing such Consolidated Net Income; plus

(c) depreciation, amortization and any other non-cash items for such period to the extent deducted in determining Consolidated Net Income for such period (other than any non-cash item which requires the accrual of, or a reserve for, cash charges for any future period) of Investor and the subsidiaries (including amortization of capitalized debt issuance costs for such period and any non - cash compensation expense, realized for grants of stock options or other rights to officers, directors and employees), all of the foregoing determined on a consolidated basis in accordance with GAAP; plus

(d) minority interests to the extent that such minority interests were deducted in computing Consolidated Net Income; minus

(e) to the extent they increase Consolidated Net Income, net after-tax exceptional or non- recurring gains; plus

(f) to the extent they decrease Consolidated Net Income, net after-tax exceptional or non- recurring losses; minus

(g) to the extent they increase Consolidated Net Income, non-cash items (including the partial or entire reversal of reserves taken in prior periods, but excluding reversals of accruals or reserves for cash charges taken in prior periods and excluding the accrual of revenue in the ordinary course of business) for such period.

23.1.8 "**Equity Interests**" means Capital Stock and all warrants, options or other rights to acquire Capital Stock (but excluding any debt security that is convertible into, or exchangeable for, Capital Stock).

23.1.9 "**Fixed Charges**" means, with respect to any specified Person for any period, the sum, without duplication, of:

(a) the consolidated interest expense of such Person and its subsidiaries for such period, whether paid or accrued, including, without limitation, amortization of debt issuance costs and original issue discount, non-cash interest payments, the interest component of any deferred payment obligations, the interest component of all payments associated

with Capital Lease Obligations, imputed interest with respect to attributable debt (in respect of sale/leaseback arrangements), commissions, discounts and other fees and charges incurred in respect of letter of credit or bankers' acceptance financings, and net of the effect of all payments made or received pursuant to hedging obligations in respect of interest rates; *plus*

(b) the consolidated interest expense of such Person and its subsidiaries that was capitalized during such period; *plus*

(c) any interest on Financial Indebtedness of another person that is guaranteed by such person or one of its subsidiaries or secured by a lien on assets of such person or one of its subsidiaries, whether or not such guarantee or lien is called upon; *plus*

(d) the product of (i) all dividends, whether paid or accrued and whether or not in cash, on any series of preferred stock of such Person or any of its subsidiaries, other than dividends on equity interests payable solely in equity interests of the Investor (other than Disqualified Stock) or to the Investor or a subsidiary of the Investor; *times* (ii) a fraction, the numerator of which is one and the denominator of which is one minus the then current combined federal, state and local statutory tax rate of the Investor, expressed as a decimal, in each case, determined on a consolidated basis in accordance with GAAP. This definition includes "grossed up" preferred dividends as Fixed Charges; *plus*

(e) any expenses, charges or other costs related to the offering of the Notes issued pursuant to the Indenture (or any amortization thereof) and included in such period in computing Fixed Charges; *minus*

(f) any amortization of deferred charges resulting from the application of Accounting Principles Board Opinion No. APB 14-1—Accounting for Convertible Debt Instruments that may be settled in cash upon conversion (including partial cash settlement).

23.1.10 "**GAAP**" means generally accepted accounting principles applicable in the United States as in effect from time to time.

23.1.11 "**Net Debt**" means any interest bearing debt (especially any credit facilities, loans, obligations resulting from the financial transactions as well as any indebtedness under notes issued pursuant to the Indenture) minus any cash positions reported in the balance sheet.

23.1.12 "**Net Income**" means, with respect to any specified Person, the net income (loss) of such Person, determined in accordance with GAAP and before any reduction in respect of preferred stock dividends, excluding, however:

(a) any gain or loss, together with any related provision for taxes on such gain or loss, realized in connection with: (a) any asset sale by such Person or any of its subsidiaries; (b) the disposition of any securities by such Person or any of its subsidiaries or (c) the extinguishment of any Indebtedness of such Person or any of its subsidiaries; and

(b) any extraordinary gain or loss, together with any related provision for taxes on such extraordinary gain or loss.

23.1.13 "**Net Leverage Ratio**" means, in a given Calculation Period, the ratio of Net Debt of the Group on the last day of that Calculation Period to EBITDA. In addition, for purposes of calculating the Net Leverage Ratio:

(a) acquisitions that have been made by the specified Person or any of its subsidiaries, including through mergers, consolidations, amalgamations or other business combinations and including any related financing transactions, during the four-quarter reference period or subsequent to such reference period and on or prior to the Calculation Date will be given pro forma effect as if they had occurred on the first day of the four-quarter reference period and consolidated cash flow for such reference period will be calculated on a pro forma basis in accordance with Regulation S-X under the Securities Act;

(b) the consolidated cash flow attributable to discontinued operations, as determined in accordance with GAAP, and operations or businesses disposed of prior to the Calculation Date, will be excluded; and

(c) the Fixed Charges attributable to discontinued operations, as determined in accordance with GAAP, and operations or businesses disposed of prior to the Calculation Date, will be excluded, but only to the extent that the obligations giving rise to such Fixed Charges will not be obligations of the specified Person or any of its subsidiaries following the Calculation Date.

23.1.14 "**Person**" means any individual, corporation, company, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, limited liability company or government or other entity.

23.1.15 "**Regulation S**" means Regulation S promulgated under the Securities Act.

23.1.16 "**Securities Act**" means the U.S. Securities Act of 1933, as amended.

23.2 Financial condition

23.2.1 The Obligors shall ensure that all time starting from the date of this Agreement:

(a) the Consolidated Coverage Ratio in respect of any Calculation Period shall not be less than 2:1; and

(b) the Net Leverage Ratio in respect of any Calculation Period specified in column 1 below shall not exceed the ratio set out in column 2 below opposite that Calculation Period.

Column 1 Calculation Period	Column 2 Ratio
Calculation Period ending on 31 December 2010 and 31 March 2011	5:1
Calculation Period ending on 30 June 2011, 30 September 2011, 31 December 2011 and 31 March 2012	4.5:1
Calculation Period ending on 30 June 2012 and 30 September 2012	4:1
Calculation Period ending on 31 December 2012 and 31 March 2013	3.5:1
Calculation Period ending on 30 June 2013 and each subsequent Calculation Date	3:1

23.3 Financial testing

The financial covenants set out in Clause 0 (*Financial condition*) shall be tested for each Calculation Period ending on each Calculation Date by reference to each of the relevant financial statements and/or the relevant Compliance Certificate delivered pursuant to Clause 22.4 (*Provision and contents of Compliance Certificate*).

24. GENERAL UNDERTAKINGS

The undertakings in this Clause 24 remain in force from the date of this Agreement for so long as any amount is outstanding under the Finance Documents or the Available Facility is greater than zero.

Authorisations and compliance with laws

24.1 Authorisations

24.1.1 Each Obligor shall promptly:

(a) obtain, comply with and do all that is necessary to maintain in full force and effect; and

(b) supply certified copies to the Agent if so requested by the Agent (acting reasonably) of,

(c) any Authorisation required under any law or regulation of a Relevant Jurisdiction to:

(d) enable it to perform its obligations under the Finance Documents;

(e) ensure the legality, validity, enforceability or admissibility in evidence of any Finance Document; and

(f) enable it or any member of the CEDC Group to own its assets and to carry on its business, trade and ordinary activities as currently conducted where failure to obtain or comply with those Authorisations is reasonably likely to have a Material Adverse Effect.

24.2 Compliance with laws

Each Obligor shall (and the Investor shall ensure that each member of the Group will) comply in all respects with all laws to which it may be subject, if failure so to comply, has or is reasonably likely to have a Material Adverse Effect.

24.3 Environmental compliance

Each Borrower shall:

24.3.1 comply with all Environmental Law;

24.3.2 obtain, maintain and ensure compliance with all requisite Environmental Permits;

24.3.3 comply with all other covenants, conditions, restrictions or agreements directly or indirectly concerned with any contamination, pollution or waste or the release or discharge of any toxic or hazardous substance in connection with any real property which is or was at any time owned, leased or occupied by any member of the CEDC Group or on which any member of the CEDC Group has conducted any activity; and

24.3.4 implement procedures to monitor compliance with and to prevent liability under any Environmental Law,

in each case, where failure to do so has or is reasonably likely to have a Material Adverse Effect.

24.4 Environmental claims

Each Borrower shall, promptly upon becoming aware of the same, inform the Agent in writing of:

24.4.1 any Environmental Claim against any member of the CEDC Group which is current, pending or threatened which would involve a potential liability or expenditure exceeding PLN 3,000,000 (or its equivalent in any currency or currencies); and

24.4.2 any facts or circumstances which are reasonably likely to result in any such Environmental Claim being commenced or threatened against any member of the CEDC Group,

where such claim, if determined against that member of the CEDC Group, has or is reasonably likely to have a Material Adverse Effect.

24.5 Taxation

Each Obligor shall (and each Obligor shall ensure that each member of the CEDC Group will) pay and discharge all Taxes imposed upon it or its assets within the time period allowed without incurring penalties unless and only to the extent that:

24.5.1 such payment is being contested in good faith;

24.5.2 adequate reserves are being maintained for those Taxes and the costs required to contest them which have been disclosed in its latest financial statements delivered to the Agent under Clause 22.3 (*Financial statements*); and

24.5.3 such payment can be lawfully withheld and failure to pay those Taxes does not have or is not reasonably likely to have a Material Adverse Effect.

Restrictions on business focus

24.6 Merger

No Borrower shall enter into any amalgamation, demerger, merger, consolidation or corporate reconstruction other than a Permitted Transaction.

24.7 Change of business

The Investor shall procure that no material change is made to the general nature of the business of the Investor or the Group taken as a whole from that carried on by the Group at the date of this Agreement.

24.8 Acquisitions

24.8.1 Except as permitted under Clause 24.8.2 below, no Borrower shall:

(a) acquire a company or any shares or securities or a business or undertaking (or, in each case, any interest in any of them); or

(b) incorporate a company.

24.8.2 Clause 24.8.1 above does not apply to a Permitted Transaction or an acquisition of a company, of shares, securities or a business or undertaking (or, in each case, any interest in any of them) or the incorporation of a company if:

(a) no Default is continuing on the closing date for the acquisition or would occur as a result of the acquisition (other than by breach of this clause);

(b) the acquired company, business or undertaking is engaged in a business substantially the same as that carried on by the Group; and

(c) the acquisition does not and is not reasonably likely to have a Material Adverse Effect.

24.9 Joint ventures

24.9.1 Except as permitted under Clause 24.9.2 below, no Borrower shall:

(a) enter into, invest in or acquire (or agree to acquire) any shares, stocks, securities or other interest in any Joint Venture; or

(b) transfer any assets or lend to or guarantee or give an indemnity for or give Security for the obligations of a Joint Venture or maintain the

solvency of or provide working capital to any Joint Venture (or agree to do any of the foregoing).

24.9.2 Clause 24.9.1 above does not apply to any acquisition of (or agreement to acquire) any interest in a Joint Venture or transfer of assets (or agreement to transfer assets) to a Joint Venture or loan made to or guarantee given in respect of the obligations of a Joint Venture if:

(a) no Default is continuing on the closing date for the acquisition, transfer, loan or guarantee or would occur as a result of the acquisition, transfer, loan or guarantee (other than by breach of this clause);

(b) the Joint Venture is to be engaged in a business substantially the same as that carried on by the Group ; and

(c) the acquisition, transfer, loan or guarantee does not and is not reasonably likely to have a Material Adverse Effect.

Restrictions on dealing with assets and Security

24.10 Preservation of assets

Each Borrower shall maintain in good working order and condition (ordinary wear and tear excepted) all of its assets necessary or desirable in the conduct of its business.

24.11 Pari passu ranking

Each Obligor shall ensure that at all times any unsecured and unsubordinated claims of each Lender against it under the Finance Documents rank at least *pari passu* with the claims of all its other unsecured and unsubordinated creditors except those creditors whose claims are mandatorily preferred by laws of general application to companies.

24.12 Negative pledge

24.12.1 In this Clause 24.12, "**Quasi-Security**" means a transaction described in Clause 24.12.2(c) below.

24.12.2 Except as permitted under Clause 24.12.3 below:

(a) The Investor shall not (and the Investor shall ensure that no other member of the Group will) create or permit to subsist any Security over the share capital of a Borrower.

(b) No Borrower shall create or permit to subsist any Security over any of its assets.

(c) No Borrower shall:

(i) sell, transfer or otherwise dispose of any of its assets on terms whereby they are or may be leased to or re-acquired by any other member of the Group;

(ii) sell, transfer or otherwise dispose of any of its receivables on recourse terms, other than in the ordinary course of business;

(iii) enter into any arrangement under which money or the benefit of a bank or other account may be applied, set-off or made subject to a combination of accounts; or

(iv) enter into any other preferential arrangement having a similar effect,

(v) in circumstances where the arrangement or transaction is entered into primarily as a method of raising Financial Indebtedness or of financing the acquisition of an asset.

24.12.3 Clauses 24.12.2(a) to 24.12.2(c) above do not apply to any Security or (as the case may be) Quasi-Security, which is:

(a) Permitted Security;

(b) a Permitted Transaction;

(c) Existing Security over an asset of a member of the Group that becomes an asset of a Borrower as a result of a Permitted Transaction

(d) Security over the shares of Peulla given by Borrower 1 pursuant to the Indenture, as a result of Peulla becoming a guarantor under the Indenture, provided that at such time as Peulla becomes a guarantor under the Indenture, the Investor shall cause the Whitehall Guarantors to become Additional Guarantors hereunder.

24.12.4 Except as permitted under Clause 24.12.5 below, each Borrower shall ensure that no entity within the CEDC Group shall enter into a single transaction or a series of transactions (whether related or not) and whether voluntary or involuntary to sell, lease, transfer or otherwise dispose of any asset.

24.12.5 Clause 24.12.4 above does not apply to any sale, lease, transfer or other disposal which is:

(a) a Permitted Disposal; or

(b) a Permitted Transaction.

24.13 Arm's length basis

24.13.1 Except as permitted by Clause 24.13.2 below or excluded under the "Permitted Disposal" definition, each Obligor shall not enter into any transaction with any person except on arm's length terms and for full market value.

24.13.2 The following transactions shall not be a breach of this Clause 24.13:

(a) intra-Group loans permitted under Clause 24.14 (*Loans or credit*);

(b) fees, costs and expenses payable under the Finance Documents in the amounts set out in the Finance Documents delivered to the Agent under Clause 4.1 (*Initial conditions precedent*) or agreed by the Lenders;

(c) guarantees otherwise permitted by Clauses 24.14 and 24.15 and payment of any dividends; and

(d) any Permitted Transactions.

Restrictions on movement of cash - cash out

24.14 Loans or credit

24.14.1 Except as permitted under Clause 24.14.2 below, no Borrower shall be a creditor in respect of any Financial Indebtedness.

24.14.2 Clause 24.14.1 above does not apply to:

(a) any trade credit extended by a Borrower to its customers on normal commercial terms and in the ordinary course of its trading activities;

(b) a loan made by a Borrower to another Obligor or to another member of the Group; or

(c) any Financial Indebtedness incurred as of the date of this Agreement; or

(d) a Permitted Transaction.

24.15 No Guarantees or indemnities

24.15.1 Except as permitted under Clause 24.15.1 below, no Borrower shall incur or allow to remain outstanding any guarantee in respect of any obligation of any person.

24.15.2 Clause 24.15.1 does not apply to a guarantee which is:

(a) the endorsement of negotiable instruments in the ordinary course of trade;

(b) any performance or similar bond guaranteeing performance by a member of the CEDC Group under any contract entered into in the ordinary course of trade;

(c) any guarantee permitted under Clause 24.17 (*Financial Indebtedness*);

(d) any guarantee given in respect of the netting or set-off arrangements permitted pursuant to paragraph (b) of the definition of Permitted Security;

(e) any guarantee incurred as of the date of this Agreement; or

(f) a Permitted Transaction or Permitted Financial Indebtedness.

24.16 Dividends

The Investor shall not pay, make or declare any dividend except as permitted by the Indenture (as in force on the date of this Agreement). If the Indenture shall not be in full force and effect during any period prior to the Final Maturity Date, during such period the Investor shall not pay, make or declare any dividend until the parties have agreed on an amendment to this Agreement that provides the Lenders comparable protection as the relevant provision in the Indenture, or otherwise as the Lenders and the Investor may agree.

Restrictions on movement of cash - cash in

24.17 Financial Indebtedness

24.17.1 Except as permitted under Clause 24.17.2 below, no Borrower shall incur or allow to remain outstanding any Financial Indebtedness.

24.17.2 Clause 24.17.1 above does not apply to Financial Indebtedness which is:

(a) Permitted Financial Indebtedness; or

(b) a Permitted Transaction.

24.17.3 No Borrower shall issue any shares except pursuant to an issue of shares to its immediate Holding Company where the newly-issued shares also become subject to the Transaction Security on the same terms.

Miscellaneous

24.18 Insurance

24.18.1 Each Obligor shall maintain insurances on and in relation to its business and assets against those risks and to the extent as is usual for companies carrying on the same or substantially similar business.

24.18.2 All insurances must be with reputable independent insurance companies or underwriters.

24.19 Intellectual Property

24.19.1 Each Borrower shall (and the Company shall procure that each CEDC Group member will):

(a) preserve and maintain the subsistence and validity of the intellectual property necessary for the business of the relevant CEDC Group member;

(b) use reasonable endeavours to prevent any infringement in any material respect of such intellectual property;

(c) make registrations and pay all registration fees and taxes necessary to maintain such intellectual property in full force and effect and record its interest in that intellectual property; and

(d) not use or permit such intellectual property to be used in a way or take any step or omit to take any step in respect of that intellectual property which may materially and adversely affect the existence or value of that intellectual property or imperil the right of any member of the CEDC Group to use such property.

24.20 Amendments

24.20.1 TheInvestor shall not (and the Investor shall ensure that no member of the Group will) amend, vary, novate, supplement, supersede, waive or terminate any term of a Finance Document or any other document delivered to the Agent pursuant to Clauses 4.1 (*Initial conditions precedent*) or Clause 27 (*Changes to the Obligors*) except in writing:

(a) in accordance with the provisions of Clause 36 (*Amendments and Waivers*) or of the Intercreditor Agreement; or

(b) in a way which not be reasonably expected materially and adversely to affect the interests of the Lenders.

24.20.2 The Company shall promptly supply to the Agent a copy of any document relating to any of the matters referred to in Clauses 24.20.1(a) to 24.20.1(b) above.

24.21 Treasury Transactions

24.21.1 No Borrower shall enter into any Treasury Transaction, other than:

(a) interest rate hedging transactions entered into not for speculative purposes;

(b) spot and forward delivery foreign exchange contracts entered into in the ordinary course of business and not for speculative purposes; and

(c) any Treasury Transaction entered into for the hedging of actual or projected real exposures arising in the ordinary course of trading activities of a member of the CEDC Group and not for speculative purposes.

24.22 Transactions with the Lenders

24.22.1 Starting from the date falling 2 Months after the date of this Agreement, each Borrower shall (and the Investor shall ensure that each member of the Group incorporated under Polish law will):

(a) carry out its own monetary (including, among others, home banking, deposits, transfers, cash management) and ,

(b) carry out its own treasury transactions (including, among others, currency exchange (spot and forward) and hedging transactions); and

(c) request guarantees and letters of credit

(jointly "**Banking Transactions**")

only with the Lenders, in pro rata share (in each of the categories referred to in paragraphs (a), (b) and (c) above) to their share in the entire financing of the Financial Indebtedness of the Borrowers (subject to an admissible 5% divergence from the agreed proportion), provided that the conditions offered to the Borrowers are comparable to the market conditions at that time. Each Lender will ensure that all Banking Transactions are carried out on terms no less favourable than those offered by that Lender to its other corporate clients who are comparable (in terms of the volume of transactions, nature and object of the client's business) to the Borrowers and the other members of the Group.

24.22.2 Fulfilment of the obligations referred to in Clause 24.22.1 shall be tested for each period ending on 30 June and 31 December each year and shall be based on the relevant Compliance Certificate. If the proportion referred to in Clause 24.22.1 is disrupted, the disruption should be remedied during the next testing period.

24.22.3 Each Borrower shall (and the Company shall ensure that each member of the Group in Poland will) provide each Lender on its request with all information on the Banking Transactions (and authorises the Lenders to provide such information to each other on a reciprocal basis).

24.23 Obligors

24.23.1 The Investor shall ensure that at all times:

(a) the aggregate of earnings before interest, tax, depreciation and amortisation (calculated on the same basis as EBITDA) of the Obligors (calculated on an unconsolidated basis and excluding all intra-Group items and investments in Subsidiaries of any member of the Group) exceeds 50% of EBITDA of the Group; and

(b) the aggregate gross assets and the aggregate net assets of the Obligors (calculated on an unconsolidated basis and excluding all intra-Group items and investments in Subsidiaries of any member of the Group) exceeds 50% of the consolidated gross assets and, respectively, net assets of the Group,

provided the ratios referred to above shall be tested for the first time after the accession of the Russian Guarantors.

24.23.2 At the time of provision of the Compliance Certificate in connection with the Annual Financial Statements, the Investor shall deliver to the Agent an updated Group Structure Chart which indicates the sources of the EBITDA and the aggregate gross assets and the aggregate net assets within the Group.

24.24 Bank accounts

Each Borrower must:

24.24.1 notify to the Agent details of each new bank account (name of the bank or financial institution, bank account number and bank purpose) to be opened for that Borrower within 10 Business Days after such bank account is opened; and

24.24.2 notify to the Agent any changes to the information regarding bank accounts to be supplied to the Agent before the date of this Agreement or pursuant to this Clause 24.24 within 10 Business Days after such change has occurred.

24.25 Further assurance

24.25.1 Each Obligor shall promptly do all such acts or execute all such documents (including assignments, transfers, mortgages, charges, notices and instructions) as the Agent may reasonably specify (and in such form as the Agent may reasonably require in favour of the Agent or its nominee(s)):

(a) to perfect the Security created or intended to be created under or evidenced by the Transaction Security Documents (which may include the execution of a mortgage, charge, assignment or other Security over all or any of the assets which are, or are intended to be, the subject of the Transaction Security) or for the exercise of any rights powers and remedies of a Lender provided by or pursuant to the Finance Documents or by law;

(b) to confer on a Lender Security over any property and assets of that Obligor located in any jurisdiction equivalent or similar to the Security intended to be conferred by or pursuant to the Transaction Security Documents; and/or

(c) to facilitate the realisation of the assets which are, or are intended to be, the subject of the Transaction Security.

24.25.2 Each Obligor shall take all such action as is available to it (including making all filings and registrations) as may be necessary for the purpose of the creation, perfection, protection or maintenance of any Security conferred or intended to be conferred on a Lender by or pursuant to the Finance Documents.

24.26 Conditions subsequent

24.26.1 Each Borrower must ensure that each Transaction Security in favour or to the benefit of a Lender is punctually perfected, filed, notified or registered (as applicable) within the periods set out in the relevant Transaction Security Documents, and in particular that:

(a) the registered pledges intended to be created over the relevant shares under the relevant Security Documents governed by Polish law are registered within 3 Months from the date hereof pursuant to final and binding court's decisions;

(b) all notices, powers of attorney and entries required under the relevant Security Documents have been properly executed and evidence to this effect has been received by the Agent; and

(c) all acknowledgements required under the relevant Transaction Security Documents have been properly executed and received by the Agent.

Each of the documents must be in form and substance satisfactory to the Agent.

24.26.2 The Borrowers and the Investor must ensure that not later than on 31 January 2011 the Russian Guarantors accede to this Agreement as Additional Guarantors and provide a computation (as at the end of third quarter of 2010) as to the sources of EBITDA, the aggregate gross assets and the aggregate net assets and the turnover within the Group.

24.26.3 The Borrowers must ensure that the Whitehall Guarantors accede as Additional Guarantors as provided in Clause 24.12.3 (d).

24.26.4 The Borrowers must ensure that within five Business Days following the expiration of the pledge prohibition relating to the shares of Borrower 1, all of the remaining shares of Borrower 1 that are owned by the Company or the Investor are made subject to a financial pledge and registered pledge in favor of the Lenders and become part of the Transaction Security (ranking equally with Security established to secure claims under the Indenture, subject to the provisions of the Intercreditor Agreement).

24.27 Costs

The Borrowers shall cover all costs relating to the fulfilment of the conditions precedent, conditions subsequent and undertakings (subject to Clause 19.1 (*Transaction legal expenses*)) contemplated by this Agreement.

25. EVENTS OF DEFAULT

Each of the events or circumstances set out in this Clause 25 is an Event of Default (save for Clause 25.20 (*Acceleration and Cancellation*) and Clause 25.21 (*Advance due on demand*)).

25.1 Non-payment

An Obligor does not pay on the due date any amount payable pursuant to a Finance Document at the place at and in the currency in which it is expressed to be payable unless:

25.1.1 its failure to pay is caused by:

(a) administrative or technical error; or

(b) a Disruption Event; and

25.1.2 payment is made within two Business Days of its due date.

25.2 Financial covenants and other obligations

25.2.1 Any requirement of Clause 23 (*Financial covenants*) is not satisfied or an Obligor does not comply with the provisions of Clause 22 (*Information Undertakings*).

25.2.2 An Obligor does not comply with any provision of any Transaction Security Document.

25.3 Other obligations

25.3.1 An Obligor does not comply with any provision of the Finance Documents (other than those referred to in Clause 25.1 (*Non-payment*) and Clause 25.2 (*Financial covenants and other obligations*)).

25.3.2 No Event of Default under paragraph (a) above will occur if the failure to comply is capable of remedy and is remedied within 15 Business Days of the Agent giving notice to relevant Borrower or relevant Obligor or a Borrower or an Obligor becoming aware of the failure to comply.

25.4 Misrepresentation

Any representation or statement made or deemed to be made by an Obligor in the Finance Documents or any other document delivered by or on behalf of any Obligor under or in connection with any Finance Document is or proves to have been incorrect or misleading when made or deemed to be made.

25.5 Cross default

25.5.1 Any Financial Indebtedness of any member of the Group is not paid when due nor within any originally applicable grace period.

25.5.2 Any Financial Indebtedness of any member of the Group is declared to be or otherwise becomes due and payable prior to its specified maturity as a result of an event of default (however described).

25.5.3 Any commitment for any Financial Indebtedness of any member of the Group is cancelled or suspended by a creditor of any member of the Group as a result of an event of default (however described).

25.5.4 Any creditor of any member of the Group becomes entitled to declare any Financial Indebtedness of any member of the Group due and payable prior to its specified maturity as a result of an event of default (however described).

25.5.5 No Event of Default will occur under this Clause 25.5 if the aggregate amount of Financial Indebtedness or commitment for Financial Indebtedness falling within Clauses 25.5.1 to 25.5.4 above is less than (i) PLN 10,000,000 (or its equivalent in any other currency or currencies) in relation to the Borrowers (in aggregate for all Borrowers) and (ii) USD 15,000,000 (or its equivalent in any other currency or currencies) in relation to other members of the Group (in aggregate for all members of the Group).

25.6 Default under the Indenture

Without prejudice to Clause 25.5, a default or an event of default under the Indenture or the notes or the notes guarantees issued in connection with the Indenture has occurred and is continuing, or the holders of such notes for other reasons are capable of accelerating such notes.

25.7 Insolvency

25.7.1 Any Obligor ceases to perform its obligations as they fall due or admits inability to pay its debts as they fall due or is deemed to or declared to be unable to pay its debts under applicable law, suspends or threatens to suspend making payments on any of its debts or, by reason of actual or anticipated financial difficulties, commences negotiations with one or more of its creditors with a view to rescheduling any of its indebtedness.

25.7.2 The value of the assets of any Obligor is less than its liabilities (taking into account contingent and prospective liabilities).

25.7.3 A moratorium is declared in respect of any indebtedness of any member of the Group. If a moratorium occurs, the ending of the moratorium will not remedy any Event of Default caused by that moratorium.

25.8 Insolvency proceedings

25.8.1 Any corporate action, legal proceedings or other procedure or step is taken in relation to:

(a) the suspension of payments, a moratorium of any indebtedness, winding-up, dissolution, administration or reorganisation (by way of voluntary arrangement, scheme of arrangement or otherwise) of any Obligor (including, without limitation, any 'recovery proceedings' (*postępowanie naprawcze*) in relation to any Polish company);

(b) a composition, compromise, assignment or arrangement with any creditor of any Obligor;

(c) the appointment of a liquidator, receiver, administrative receiver, administrator, compulsory manager or other similar officer in respect of any member of the Group or any of its assets (including, without limitation, (i) liquidation ("*likwidacja*") under the Polish Commercial Companies Code, (ii) compulsory management ("*zarząd*") in the course of execution proceedings under the Polish Civil Procedure Code, or (iii) administration over ("*zarząd*") or leasing of ("*dzierzawa*") the debtor's business in connection with the enforcement of a registered pledge under the Polish Act on Registered Pledge and Pledge Register); or

(d) enforcement of any Security over any assets of any Obligor exceeding in aggregate PLN 1,250,000,

(e) or any analogous procedure or step is taken in any jurisdiction.

25.8.2 Clause 25.8.1 shall not apply to any step or procedure contemplated by paragraph (b) of the definition of Permitted Transaction.

25.9 Creditors' process

Any expropriation, attachment, sequestration, distress or execution or any analogous process in any jurisdiction affects any asset or assets of any Obligors having an aggregate value of PLN 2,500,000 and is not discharged within 10 days (provided that, in the case of Obligors which are not Borrowers, it has a Material Adverse Effect).

25.10 Unlawfulness and invalidity

25.10.1 It is or becomes unlawful for an Obligor or any other member of the Group that is a party to the Intercreditor Agreement to perform any of its obligations under the Finance Documents or any Transaction Security created or expressed to be created or evidenced by the Transaction Security Documents ceases to be effective or any subordination created under the Intercreditor Agreement is or becomes unlawful.

25.10.2 Any obligation or obligations of any Obligor under any Finance Documents or any other member of the Group under the Intercreditor Agreement are not (subject to the Legal Reservations) or cease to be legal, valid, binding or enforceable and the cessation individually or cumulatively materially and adversely affects the interests of the Finance Parties under the Finance Documents.

25.10.3 Any Finance Document ceases to be in full force and effect or any Transaction Security or any subordination created under this Agreement ceases to be legal, valid, binding, enforceable or effective or is alleged by a party to it (other than a Finance Party) to be ineffective.

25.11 Intercreditor Agreement

25.11.1 Any party to the Intercreditor Agreement (other than a Finance Party) fails to comply with the provisions of, or does not perform its obligations under, the Intercreditor Agreement; or

(a) a representation or warranty given by that party in the Intercreditor Agreement is incorrect in any material respect,

(b) and, if the non-compliance or circumstances giving rise to the misrepresentation are capable of remedy, it is not remedied within 15 days of the earlier of the Agent giving notice to that party or that party becoming aware of the non-compliance or misrepresentation.

25.12 Cessation of business

Any member of the Group suspends or ceases to carry on (or threatens to suspend or cease to carry on) all or a material part of its business except as a result of a Permitted Disposal or a Permitted Transaction (provided that, in the case of members of the Group which are not Borrowers, it has a Material Adverse Effect).

25.13 Change of ownership

An Obligor (other than the Investor) ceases to be a wholly-owned direct or indirect Subsidiary of the Investor except, as a result of a disposal which is a Permitted Disposal or a Permitted Transaction.

25.14 Audit qualification

25.14.1 The Auditors of the Group qualify the audited annual consolidated financial statements of the Investor.

25.14.2 The Auditors of the Borrowers qualify the audited annual consolidated financial statements of any of the Borrowers.

25.15 Expropriation

The authority or ability of any Obligor to conduct its business is limited or wholly or substantially curtailed by any seizure, expropriation, nationalisation, intervention, restriction or other action by or on behalf of any governmental, regulatory or other authority or other person in relation to any member of the Group or any of its assets (provided that, in the case of the Guarantors, it has a Material Adverse Effect).

25.16 Governmental Intervention

By or under the authority of any government:

25.16.1 the management of any Obligor is wholly or partially displaced or the authority of any member of the Group in the conduct of its business is wholly or partially curtailed; or

25.16.2 all or a majority of the issued shares of any Obligor or the whole or any part (the book value of which is 20 per cent. or more of the book value of the whole) of its revenues or assets is seized, nationalised, expropriated or compulsorily acquired,

provided that, in the case of Guarantors, it has a Material Adverse Effect.

25.17 Repudiation and rescission of agreements

25.17.1 An Obligor (or any other relevant party) rescinds or purports to rescind or repudiates or purports to repudiate a Finance Document or any of the Transaction Security or evidences an intention to rescind or repudiate a Finance Document or any Transaction Security.

25.17.2 Any party to the Finance Documents rescinds or purports to rescind or repudiates or purports to repudiate any of those agreements or instruments in whole or in part where to do so has or is, in the reasonable opinion of the Agent, likely to have a material adverse effect on the interests of the Finance Parties under the Finance Documents.

25.18 Litigation

Any litigation, arbitration, administrative, governmental, regulatory or other investigations, proceedings or disputes are commenced or threatened in relation to the Finance Documents or the transactions contemplated in the Finance Documents or

against any Obligor or its assets (or against the directors of any Obligor) which has or is reasonably likely to have a Material Adverse Effect.

25.19 Material adverse change

Any event or circumstance occurs which has or is reasonably likely to have a Material Adverse Effect.

25.20 Acceleration and Cancellation

25.20.1 On and at any time after the occurrence of an Event of Default the Agent may by notice to the Company:

(a) terminate this Agreement (subject to the shortest notice periods permissible under Polish law); and/or

(b) demand additional Security to be provided in respect of a Facility; and/or

(c) demand a recovery plan to be furnished within a period specified by the Agent and, following the approval of such recovery plan by the Agent, demand the implementation thereof; and/or

(d) cancel the Available Facility whereupon it shall immediately be cancelled; and/or

(e) exercise any or all of its rights, remedies, powers or discretions under any of the Finance Documents or under Polish law.

25.21 Advance Due on Demand

25.21.1 If, pursuant to Clause 25.21 (*Acceleration and Cancellation*), the Agent declares this Agreement to be terminated in whole or in part, then, and at any time thereafter, the Agent may by notice to the Company:

(a) require repayment of all or such part of the Advance or an Overdraft Outstanding Amounts on such date as it may specify in such notice (whereupon the same shall become due and payable on the date specified together with accrued interest thereon and any other sums then owed by the Obligors under the Finance Documents) or withdraw its declaration with effect from such date as it may specify; and/or

(b) exercise any or all of its rights, remedies, powers or discretions under any of the Finance Documents or under Polish law.

26. CHANGES TO THE FINANCE PARTIES

26.1 Assignments and transfers by the Lender

Subject to this Clause 26, a Lender (the "**Existing Lender**") may assign any of its rights and transfer any of its obligations under or in respect of Facility A under the Finance Documents to another bank (the "**New Lender**").

26.2 Conditions of assignment or transfer

26.2.1 The consent of the Borrowers is required for any assignment or transfer by the Lenders, except:

(a) if an Event of Default is continuing; or

(b) for an assignment of rights and transfer of obligations to an Existing Lender.

26.2.2 The consent of the Borrowers to an assignment or transfer (to the extent it is required) must not be unreasonably withheld or delayed. The Borrowers will be deemed to have given its consent ten Business Days after the Existing Lender has requested it unless consent is expressly refused by the Borrowers within that time.

26.2.3 For the avoidance of doubt, no consent of the Obligors not being the Borrowers is required for assignment or transfer.

26.2.4 An assignment and transfer will only be effective if the procedure set out in Clause 26.4 (*Procedure for transfer*) is complied with.

26.2.5 If:

(c) the Lender assigns any of its rights or transfers any of its obligations under the Finance Documents or changes its Facility Office; and

(d) as a result of circumstances existing at the date the assignment, transfer or change occurs, the Borrowers would be obliged to make a payment to the New Lender or Lender acting through its new Facility Office under Clause 15 (*Tax gross-up and indemnities*) or Clause 16 (*Increased costs*),

(e) then the New Lender or Lender acting through its new Facility Office is only entitled to receive payment under those Clauses to the same extent as the Existing Lender or Lender acting through its previous Facility Office would have been if the assignment, transfer or change had not occurred.

26.3 Limitation of responsibility of Existing Lender

26.3.1 Unless expressly agreed to the contrary, the Existing Lender makes no representation or warranty and assumes no responsibility to the New Lender for:

(a) the legality, validity, effectiveness, adequacy or enforceability of the Finance Documents or any other documents;

(b) the financial condition of the Obligors;

(c) the performance and observance by any Obligor of its obligations under the Finance Documents or any other documents; or

(d) the accuracy of any statements (whether written or oral) made in or in connection with any Finance Document or any other document; and

(e) any representations or warranties implied by law are excluded.

26.3.2 The New Lender confirms to the Existing Lender and the other Finance Parties that it:

(a) has made (and shall continue to make) its own independent investigation and assessment of the financial condition and affairs of each Obligor and its related entities in connection with its participation in this Agreement and has not relied exclusively on any information provided to it by the Existing Lender in connection with any Finance Document; and

(b) will continue to make its own independent appraisal of the creditworthiness of the Obligor and its related entities whilst any amount is or may be outstanding under the Finance Documents or the amount of any Available Facility is greater than zero or any Commitment is in force.

26.3.3 Nothing in any Finance Document obliges an Existing Lender to:

(a) accept a re-transfer from a New Lender of any of the rights and obligations assigned or transferred under this Clause 26; or

(b) support any losses directly or indirectly incurred by the New Lender by reason of the non-performance by any Obligor of its obligations under the Finance Documents or otherwise.

26.4 Procedure for transfer

26.4.1 Subject to the conditions set out in Clause 26.2 (*Conditions of assignment or transfer*) an assignment and transfer is effected in accordance with Clause 26.4.3 when the Agent executes an otherwise duly completed Transfer Certificate delivered to it by the Existing Lender and the New Lender. The Agent shall, subject to paragraph (b) of clause 26.4.3, as soon as reasonably practicable after receipt by it of a duly completed Transfer Certificate appearing on its face to comply with the terms of this Agreement and delivered in accordance with the terms of this Agreement, execute that Transfer Certificate.

26.4.2 The Agent shall only be obliged to execute a Transfer Certificate delivered to it by the Existing Lender and the New Lender once it is satisfied it has complied with all necessary "know your customer" or other similar checks under all applicable laws and regulations in relation to the transfer to such New Lender.

26.4.3 On the Transfer Date:

(a) the assignment of the Existing Lender's rights intended to be assigned pursuant to the Transfer Certificate to the New Lender shall become effective;

(b) the assumption by the New Lender of the obligations of the Existing Lender corresponding to the Existing Lender's assigned rights shall become effective, and the New Lender shall become obliged to perform and comply with the assumed obligations under the Finance Documents as if it were originally named as an original party in the Finance Documents; and

(c) the New Lender shall acquire all rights of the Existing Lender *vis-à-vis* the Agent, the Security Agent and the other Lenders, and the New Lender shall be deemed to confirm in favour of the Agent, the Security Agent and the other Lenders that it shall be under the same obligations towards each of them as it would have been if it had been an original party to the Agreement as an Original Lender; and

(d) the New Lender shall become a Party as a "**Lender**" and, to the extent the assignment comprises also the transfer of associated Security, it shall also become a party to the relevant Security Documents.

26.4.4 The Parties agree and acknowledge that any assignment and transfer carried out under or in connection with this Clause 26 does not constitute and shall not constitute a novation (*odnowienie*) within the meaning of Article 506 of the Polish Civil Code.

26.5 Copy of Transfer Certificate

The Existing Lender shall, as soon as reasonably practicable after it has executed a Transfer Certificate, send to the Company a copy of that Transfer Certificate. If any of the Agent, the Existing Lender or the New Lender so demands, the Company (and, if so demanded by the Existing Lender or the New Lender, any other Obligor) shall confirm the assignment and transfer documented by the Transfer Certificate by countersigning its copy and executing any other documents as may be required to evidence or perfect the assignment and transfer in relation to any Finance Document or any Security Document. If any Security or Security Document ceases to be effective in connection with the assignment or transfer or does not benefit the New Lender, the Company (and, if so demanded by the Existing Lender or the New Lender, any other Obligor) shall be obliged to execute at its cost any documents (subject to Clause 19.1 (Transaction legal expenses)) and carry out at its cost such other steps as the New Lender may reasonably require to create in its favour the same Security or Security Document as the Security or Security Document benefiting the Existing Lender prior to the assignment or transfer.

26.6 Disclosure of information

26.6.1 Any Lender may disclose to any of its Affiliates and any other person:

(a) to (or through) whom that Lender assigns or transfers (or may potentially assign or transfer) all or any of its rights and obligations under this Agreement;

(b) with (or through) whom that Lender enters into (or may potentially enter into) any sub-participation in relation to, or any other transaction

under which payments are to be made by reference to, this Agreement or the Obligor; or

(c) to whom, and to the extent that, information is required to be disclosed by any applicable law or regulation,

(d) any information about any Obligor, the Group and the Finance Documents as that Lender shall consider appropriate.

26.7 Facility B and Facility C

Notwithstanding any limitations set forth in this Agreement, upon an Event of Default that is continuing each Original Lender may, and is hereby authorised by the Obligors, to transfer or subparticipate any or all of its receivables under any of the Finance Documents in respect of Facility B or Facility C to another bank or financial institution or to a trust, fund or other entity which is regularly engaged in or established for the purpose of making, purchasing or investing in loans, securities or other financial assets.

27. CHANGES TO THE OBLIGORS

27.1 Assignment and transfers by Obligors

No Obligor may assign any of its rights or transfer any of its rights or obligations under the Finance Documents.

27.2 Additional Guarantors

27.2.1 Subject to compliance with the provisions of Clause 22.9 (*"Know your customer" checks*), the Company may request that any of its Subsidiaries become an Additional Guarantor. That Subsidiary shall become an Additional Guarantor if:

(a) the Company delivers to the Lender a duly completed and executed Accession Letter; and

(b) the Agent has received all of the documents and other evidence listed in Part II of Schedule 2 (*Conditions precedent to be delivered by an Additional Guarantor*) in relation to that Additional Guarantor, each in form and substance satisfactory to the Agent.

27.2.2 The Agent shall notify the Company promptly upon being satisfied that it has received (in form and substance satisfactory to it) all the documents and other evidence listed in Part II of Schedule 2 (*Conditions precedent to be delivered by an Additional Guarantor*).

27.3 Repetition of Representations

Delivery of an Accession Letter constitutes confirmation by the relevant Subsidiary that the Repeating Representations are true and correct in relation to it as at the date of delivery as if made by reference to the facts and circumstances then existing.

27.4 Resignation of Guarantor

27.4.1 The Company may request that a Guarantor ceases to be a Guarantor by delivering to the Agent a Resignation Letter.

27.4.2 The Agent shall accept a Resignation Letter and notify the Company and the Lenders of its acceptance if:

(a) no Default is continuing or would result from the acceptance of the Resignation Letter (and the Company has confirmed this is the case);

(b) all the Lenders have consented to the Company's request (such consent not to be unreasonably withheld or delayed),

at which time that company shall cease to be a Guarantor and shall have no further rights or obligations under the Finance Documents.

28. ROLE OF THE FINANCE PARTIES

28.1 Appointment of the Agent and the Security Agent

28.1.1 Each other Finance Party appoints the Agent to act as its agent under and in connection with the Finance Documents.

28.1.2 Each other Finance Party appoints the Security Agent to act as its agent under and in connection with the relevant Transaction Security Documents.

28.1.3 Each other Finance Party appoints the Security Agent to act as a pledge administrator in respect of any registered pledge created or to be created pursuant to the relevant Transaction Security Documents.

28.1.4 Each Finance Party (other than the Agent) authorises the Agent to exercise the rights, powers, authorities and discretions specifically given to the Agent under or in connection with the Finance Documents together with any other incidental rights, powers, authorities and discretions.

28.1.5 Each other Finance Party authorises the Agent and the Security Agent (as appropriate):

(a) to exercise the rights, powers, authorities and discretions specifically given to the Agent or, as the case may be, the Security Agent under or in connection with the relevant Finance Documents together with any other incidental rights, powers, authorities and discretions; and

(b) (in the case of the Security Agent) to execute each of the Security Documents and all other documents that may be approved by the Majority Lenders for execution by it, in each case, for and on behalf of the Finance Parties.

28.2 Duties of the Agent and Security Agent

28.2.1 The Agent shall promptly forward to a Party the original or a copy of any document which is delivered to the Agent for that Party by any other Party.

28.2.2 Except where a Finance Document specifically provides otherwise, the Agent is not obliged to review or check the adequacy, accuracy or completeness of any document it forwards to another Party.

28.2.3 If the Agent receives notice from a Party referring to this Agreement, describing a Default and stating that the circumstance described is a Default, it shall promptly notify the other Finance Parties.

28.2.4 If the Agent is aware of the non-payment of any principal, interest, commitment fee or other fee payable to a Finance Party (other than the Agent or the Security Agent) under this Agreement it shall promptly notify the other Finance Parties.

28.2.5 The Agent's and Security Agent's duties under the Finance Documents are solely mechanical and administrative in nature.

28.3 No fiduciary duties

28.3.1 Nothing in this Agreement constitutes the Agent and/or (save as expressly stated in this Agreement and/or any other Finance Document) the Security Agent as a trustee or fiduciary of any other person.

28.3.2 None of the Agent or the Security Agent shall be bound to account to any Lender for any sum or the profit element of any sum received by it for its own account.

28.4 Business with the Group

28.4.1 The Agent or the Security Agent may accept deposits from, lend money to and generally engage in any kind of banking or other business with any member of the Group.

28.5 Rights and discretions

28.5.1 The Agent and, in relation to the Security Documents, the Security Agent may rely on:

(a) any representation, notice or document believed by it to be genuine, correct and appropriately authorised; and

(b) any statement made by a director, authorised signatory or employee of any person regarding any matters which may reasonably be assumed to be within his knowledge or within his power to verify.

28.5.2 The Agent and, in relation to the Security Documents, the Security Agent may assume (unless it has received notice to the contrary in its capacity as agent for the Lenders) that:

(a) no Default has occurred (unless it has actual knowledge of a Default arising under Clause 25.1 (*Non-payment*));

(b) any right, power, authority or discretion vested in any Party or the Majority Lenders has not been exercised; and

(c) any notice or request made by the Parent (other than a Utilisation Request or Overdraft Instruction) is made on behalf of and with the consent and knowledge of all the Obligors.

28.5.3 The Agent and the Security Agent may engage, pay for and rely on the advice or services of any lawyers, accountants, surveyors or other experts.

28.5.4 The Agent and the Security Agent may act in relation to the Finance Documents through its personnel and agents.

28.5.5 The Agent and the Security Agent may each disclose to any other Party any information it reasonably believes it has received as agent under this Agreement.

28.5.6 Notwithstanding any other provision of any Finance Document to the contrary, none of the Agent or the Security Agent is obliged to do or omit to do anything if it would or might in its reasonable opinion constitute a breach of any law or a breach of a fiduciary duty or duty of confidentiality.

28.6 Lenders' instructions

28.6.1 Unless a contrary indication appears in a Finance Document, the Agent shall:

(a) exercise any right, power, authority or discretion vested in it as Agent in accordance with any instructions given to it by all Lenders (or, if so instructed by all Lenders, refrain from exercising any right, power, authority or discretion vested in it as Agent; and

(b) not be liable for any act (or omission) if it acts (or refrains from taking any action) in accordance with an instruction of all Lenders.

28.6.2 Unless a contrary indication appears in a Finance Document, any instructions given by all Lenders shall be binding on all the Finance Parties.

28.6.3 The Agent or, as the case may be, the Security Agent may refrain from acting in accordance with the instructions of all Lenders until it has received such security as it may require for any cost, loss or liability (together with any associated VAT) which it may incur in complying with the instructions.

28.6.4 In the absence of instructions from all Lenders the Agent may act (or refrain from taking action) as it considers to be in the best interest of the Lenders.

28.6.5 The Agent is not authorised to act on behalf of a Lender (without first obtaining that Lender's consent) in any legal or arbitration proceedings relating to any Finance Document.

28.6.6 Unless a Finance Document provides otherwise, the above provisions apply to the Security Agent accordingly.

28.7 Responsibility for documentation

28.7.1 None of the Agent or the Security Agent:

(a) is responsible for the adequacy, accuracy and/or completeness of any information (whether oral or written) supplied by the Agent, the Security Agent, an Obligor or any other person given in or in connection with any Finance Document or the Information Package or the transactions contemplated in the Finance Documents; or

(b) is responsible for the legality, validity, effectiveness, adequacy or enforceability of any Finance Document or the Transaction Security Documents or any other agreement, arrangement or document entered into, made or executed in anticipation of or in connection with any Finance Document or the Transaction Security Documents.

28.8 Exclusion of liability

28.8.1 Without limiting paragraph 28.8.2 below, the Agent and the Security Agent will not be liable to the other Finance Parties (including, without limitation, for negligence or any other category of liability whatsoever) for any action taken by it under or in connection with any Finance Document or the Transaction Security.

28.8.2 No Party (other than the Agent or the Security Agent) may take any proceedings against any officer, employee or agent of the Agent or the Security Agent in respect of any claim it might have against the Agent or the Security Agent or in respect of any act or omission of any kind by that officer, employee or agent in relation to any Finance Document. Any officer, employee or agent of the Agent or the Security Agent may rely on this Clause.

28.8.3 Neither the Agent nor the Security Agent shall be liable for any delay (or any related consequences) in crediting an account with an amount required under the Finance Documents to be paid by the Agent or the Security Agent if it has taken all necessary steps as soon as reasonably practicable to comply with the regulations or operating procedures of any recognised clearing or settlement system used by the Agent or the Security Agent for that purpose.

28.8.4 Nothing in this Agreement shall oblige the Agent or the Security Agent to carry out any "know your customer" or other checks in relation to any person on behalf of any Lender and each Lender confirms to the Agent and the Security Agent that it is solely responsible for any such checks it is required to carry out and that it may not rely on any statement in relation to such checks made by the Agent or the Security Agent.

28.9 Lenders' indemnity to the Agent and the Security Agent

28.9.1 Each Lender shall (in proportion to its share of the Total Commitments or, if the Total Commitments are then zero, to its share of the Total Commitments immediately prior to their reduction to zero) indemnify each of the Agent and the Security Agent, within three Business Days of demand, against any cost, loss or liability (including, without limitation, for negligence or any other category of liability whatsoever) incurred by the /Agent or the Security Agent (otherwise than by reason of the Agent's or the Security Agent's gross negligence or wilful misconduct) in acting as Agent or Security Agent under

the Finance Documents (unless the Agent or the Security Agent has been reimbursed by an Obligor pursuant to a Finance Document).

28.9.2 The Borrowers shall promptly on demand by the Agent reimburse each Lender for any payment made by it under paragraph 28.9.1 above.

28.10 Resignation of the Agent and the Security Agent

28.10.1 The Agent and the Security Agent may resign and appoint one of its Affiliates as successor by giving notice to the other Finance Parties and the Company.

28.10.2 Alternatively the Agent and the Security Agent may resign by giving notice to the other Finance Parties and the Company, in which case the Majority Lenders (after consultation with the Company) may appoint a successor Agent or the Security Agent, as the case may be.

28.10.3 If the Majority Lenders have not appointed a successor Agent or Security Agent in accordance with paragraph 28.10.2 above within 30 days after notice of resignation was given, the Agent or Security Agent (after consultation with the Company) may appoint a successor Agent or the Security Agent, as the case may be.

28.10.4 The retiring Agent or Security Agent shall, at its own cost, make available to the successor Agent or Security Agent such documents and records and provide such assistance as the successor Agent or Security Agent may reasonably request for the purposes of performing its functions as Agent under the Finance Documents.

28.10.5 The Agent's or Security Agent's resignation notice shall only take effect upon the appointment of a successor.

28.10.6 Upon the appointment of a successor:

(a) the retiring Agent or Security Agent shall be discharged from any further obligation in respect of the Finance Documents but shall remain entitled to the benefit of this Clause 28; and

(b) the successor Agent or Security Agent and each of the other Parties shall have the same rights and obligations amongst themselves as they would have had if such successor had been an original Party.

(c) After consultation with the Company, the Majority Lenders may, by notice to the Agent or the Security Agent, require it to resign in accordance with paragraph 28.10.2 above. In this event, the Agent or the Security Agent shall resign in accordance with paragraph 28.10.2 above.

28.11 Confidentiality

28.11.1 In acting as agent for the Finance Parties, the Agent and the Security Agent shall each be regarded as acting through its agency division which shall be treated as a separate entity from any other of its divisions or departments.

28.11.2 If information is received by another division or department of the Agent or the Security Agent, it may be treated as confidential to that division or department and the Agent and the Security Agent shall not be deemed to have notice of it.

28.11.3 Notwithstanding any other provision of any Finance Document to the contrary, none of the Agent or the Security Agent is obliged to disclose to any other person (i) any confidential information or (ii) any other information if the disclosure would or might in its reasonable opinion constitute a breach of any law or a breach of a fiduciary duty.

28.12 Relationship with the Lenders

28.12.1 The Agent (or, in respect of the Security Documents, the Security Agent) may treat each Lender as a Lender, entitled to payments under this Agreement and acting through its Facility Office unless it has received not less than five Business Days' prior notice from that Lender (or, in respect of the Security Documents, the Security Agent) to the contrary in accordance with the terms of this Agreement.

28.12.2 Each Lender shall supply the Agent and the Security Agent with any information required by the Agent or the Security Agent in order to make calculations or determinations under the Finance Documents.

28.12.3 Each Lender shall supply the Agent with any information that the Security Agent may reasonably specify (through the Agent) as being necessary or desirable to enable the Security Agent to perform its functions as Security Agent. Each Lender shall deal with the Security Agent exclusively through the Agent and shall not deal directly with the Security Agent.

28.13 Credit appraisal by the Lenders

28.13.1 Without affecting the responsibility of the Company for information supplied by it or on its behalf in connection with any Finance Document, each Lender confirms to the Agent and the Security Agent that it has been, and shall continue to be, solely responsible for making its own independent appraisal and investigation of all risks arising under or in connection with any Finance Document including but not limited to:

28.13.2 the financial condition, status and nature of each member of the Group;

28.13.3 the legality, validity, effectiveness, adequacy or enforceability of any Finance Document and the Transaction Security Document and any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Finance Document or the Transaction Security Document;

28.13.4 whether that Finance Party has recourse, and the nature and extent of that recourse, against any Party or any of its respective assets under or in connection with any Finance Document, the Transaction Security Document or the transactions contemplated by the Finance Documents or any other

agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Finance Document;

28.13.5 the adequacy, accuracy and/or completeness of the Information Package and any other information provided by the Agent any Party or by any other person under or in connection with any Finance Document, the transactions contemplated by the Finance Documents or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Finance Document; and

28.13.6 the right or title of any person in or to, or the value or sufficiency of any part of the property over which any Transaction Security is given.

28.14 Deduction from amounts payable by the Agent

If any Party owes an amount to the Agent under the Finance Documents the Agent may, after giving notice to that Party, deduct an amount not exceeding that amount from any payment to that Party which the Agent would otherwise be obliged to make under the Finance Documents and apply the amount deducted in or towards satisfaction of the amount owed. For the purposes of the Finance Documents that Party shall be regarded as having received any amount so deducted.

28.15 Reliance and engagement letters

Each Finance Party confirms that each of the Agent and the Security Agent has authority to accept on its behalf and ratifies the acceptance on its behalf of any letters or reports already accepted by Security Agent or Agent the terms of any reliance letter or engagement letters relating to the Information Package or any reports or letters provided by accountants in connection with the Finance Documents or the transactions contemplated in the Finance Documents and to bind it in respect of the Information Package, reports or letters and to sign such letters on its behalf and further confirms that it accepts the terms and qualifications set out in such letters.

28.16 Conduct of business by the Finance Parties

No provision of this Agreement will:

28.16.1 interfere with the right of any Finance Party to arrange its affairs (tax or otherwise) in whatever manner it thinks fit;

28.16.2 oblige any Finance Party to investigate or claim any credit, relief, remission or repayment available to it or the extent, order and manner of any claim; or

28.16.3 oblige any Finance Party to disclose any information relating to its affairs (tax or otherwise) or any computations in respect of Tax.

29. SHARING AMONG THE FINANCE PARTIES

29.1 Payments to Finance Parties

If a Finance Party (a "**Recovering Finance Party**") receives or recovers any amount from an Obligor other than in accordance with Clause 30 (*Payment mechanics*) and applies that amount to a payment due under the Finance Documents then:

29.1.1 the Recovering Finance Party shall, within three Business Days, notify details of the receipt or recovery, to the Agent;

29.1.2 the Agent shall determine whether the receipt or recovery is in excess of the amount the Recovering Finance Party would have been paid had the receipt or recovery been received or made by the Agent and distributed in accordance with Clause 30 (*Payment mechanics*), without taking account of any Tax which would be imposed on the Agent in relation to the receipt, recovery or distribution; and

29.1.3 the Recovering Finance Party shall, within three Business Days of demand by the Agent, pay to the Agent an amount (the "**Sharing Payment**") equal to such receipt or recovery less any amount which the Agent determines may be retained by the Recovering Finance Party as its share of any payment to be made, in accordance with Clause 30.6 (*Partial payments*).

29.2 Redistribution of payments

The Agent shall treat the Sharing Payment as if it had been paid by the relevant Obligor and distribute it between the Finance Parties (other than the Recovering Finance Party) in accordance with Clause 30.6 (*Partial payments*).

29.3 Recovering Finance Party's rights

29.3.1 On a distribution by the Agent under Clause 29.2 (*Redistribution of payments*), the Recovering Finance Party shall be subrogated to the rights of the Finance Parties which have shared in the redistribution.

29.3.2 If and to the extent that the Recovering Finance Party is not able to rely on its rights under paragraph 29.3.1 above, the relevant Obligor shall be liable to the Recovering Finance Party for a debt equal to the Sharing Payment which is immediately due and payable.

29.4 Reversal of redistribution

29.4.1 If any part of the Sharing Payment received or recovered by a Recovering Finance Party becomes repayable and is repaid by that Recovering Finance Party, then:

29.4.2 each Finance Party which has received a share of the relevant Sharing Payment pursuant to Clause 29.2 (*Redistribution of payments*) shall, upon request of the Agent, pay to the Agent for account of that Recovering Finance Party an amount equal to the appropriate part of its share of the Sharing Payment (together with an amount as is necessary to reimburse that Recovering Finance Party for its proportion of any interest on the Sharing Payment which that Recovering Finance Party is required to pay); and

29.4.3 that Recovering Finance Party's rights of subrogation in respect of any reimbursement shall be cancelled and the relevant Obligor shall be liable to the reimbursing Finance Party for the amount so reimbursed.

29.5 Exceptions

29.5.1 This Clause 29 shall not apply to the extent that the Recovering Finance Party would not, after making any payment pursuant to this Clause, have a valid and enforceable claim against the relevant Obligor.

29.5.2 Unless agreed otherwise, a Recovering Finance Party is not obliged to share with any other Finance Party any amount which the Recovering Finance Party has received or recovered as a result of taking legal or arbitration proceedings, if:

(a) it notified the other Finance Party of the legal or arbitration proceedings; and

(b) the other Finance Party had an opportunity to participate in those legal or arbitration proceedings but did not do so as soon as reasonably practicable having received notice and did not take separate legal or arbitration proceedings.

30. PAYMENT MECHANICS

30.1 Payments to the Agent

30.1.1 On each date on which an Obligor or a Lender is required to make a payment under a Finance Document that Obligor or Lender shall make the same available to the Agent (unless a contrary indication appears in a Finance Document) for value on the due date at the time and in such funds specified by the Agent as being customary at the time for settlement of transactions in the relevant currency in the place of payment.

30.1.2 Payment shall be made to such account in the principal financial centre of the country of that currency with such bank as the Agent specifies.

30.2 Use of funds on Borrower's accounts

30.2.1 On each date on which an Obligor is required to make a payment under a Finance Document, monies standing to the credit of an account of each Borrower may be applied by the Agent in or towards discharge of the Borrowers' obligations under the Finance Documents.

30.2.2 The Agent shall not be responsible to the Obligors for the non-payment of any of the Borrowers' obligations which could be paid out of moneys standing to the credit of any account of each Borrower nor shall the Agent be liable for any withdrawal from an account wrongly made (except for gross negligence, fraud or wilful misconduct) by the Agent.

30.3 Distributions by the Agent

Each payment received by the Agent under the Finance Documents for another Party shall, subject to Clause 30.4 (*Distributions to an Obligor*) and Clause 30.5 (*Clawback*), be made available by the Agent as soon as practicable after receipt to the Party entitled to receive payment in accordance with this Agreement (in the case of a Lender, for the account of its Facility Office), to such account as that Party may notify to the Agent by not less than five Business Days' notice with a bank in a principal financial centre in Warsaw or London.

30.4 Distributions to an Obligor

The Lender may (with the consent of the Obligor or in accordance with Clause 31 (*Set-off*)) apply any amount received by it for that Obligor in or towards payment (on the date and in the currency and funds of receipt) of any amount due from that Obligor under the Finance Documents or in or towards purchase of any amount of any currency to be so applied.

30.5 Clawback

30.5.1 Where a sum is to be paid to the Agent under the Finance Documents for another Party, the Agent is not obliged to pay that sum to that other Party (or to enter into or perform any related exchange contract) until it has been able to establish to its satisfaction that it has actually received that sum.

30.5.2 If the Agent pays an amount to another Party and it proves to be the case that the Agent had not actually received that amount, then the Party to whom that amount (or the proceeds of any related exchange contract) was paid by the Agent shall on demand refund the same to the Agent together with interest on that amount from the date of payment to the date of receipt by the Agent, calculated by the Agent to reflect its cost of funds.

30.6 Partial payments

30.6.1 If the Agent receives a payment that is insufficient to discharge all the amounts then due and payable by an Obligor under the Finance Documents, the Agent shall apply that payment towards the obligations of that Obligor under the Finance Documents in the following order:

(a) **first**, in or towards payment pro rata of any unpaid fees, costs and expenses due to the Agent or the Security Agent under the Finance Documents;

(b) **secondly**, in or towards payment pro rata of any accrued interest or commission due but unpaid under this Agreement;

(c) **thirdly**, in or towards payment pro rata of any principal due but unpaid under this Agreement; and

(d) **fourthly**, in or towards payment pro rata of any other sum due but unpaid under the Finance Documents.

30.6.2 The Lender may vary the order set out in paragraphs (b) to (d) of sub-clause 30.6.1 above.

30.6.3 Sub-clauses 30.6.1 and 30.6.2 above will override any appropriation made by an Obligor.

30.7 No set-off by Obligors

All payments to be made by an Obligor under the Finance Documents shall be calculated and be made without (and free and clear of any deduction for) set-off or counterclaim.

30.8 Business Days

30.8.1 Any payment which is due to be made on a day that is not a Business Day shall be made on the next Business Day in the same calendar month (if there is one) or the preceding Business Day (if there is not).

30.8.2 During any extension of the due date for payment of any principal or Unpaid Sum under this Agreement interest is payable on the principal or Unpaid Sum at the rate payable on the original due date.

30.9 Currency of account

30.9.1 Subject to sub-clauses 30.9.2 to 30.9.5 below, PLN is the currency of account and payment for any sum due from an Obligor under any Finance Document.

30.9.2 A repayment of the Advance, an Overdraft Outstanding Amount or Unpaid Sum or a part of the Advance, an Overdraft Outstanding Amount an Unpaid Sum shall be made in the currency in which that Advance, Overdraft Outstanding Amount or Unpaid Sum is denominated on its due date.

30.9.3 Each payment of interest shall be made in the currency in which the sum in respect of which the interest is payable was denominated when that interest accrued.

30.9.4 Each payment in respect of costs, expenses or Taxes shall be made in the currency in which the costs, expenses or Taxes are incurred.

30.9.5 Any amount expressed to be payable in a currency other than PLN shall be paid in that other currency.

30.10 Change of currency

Unless otherwise prohibited by law, if more than one currency or currency unit are at the same time recognised by the central bank of any country as the lawful currency of that country, then:

30.10.1 any reference in the Finance Documents to, and any obligations arising under the Finance Documents in, the currency of that country shall be translated into, or paid in, the currency or currency unit of that country designated by the Lender (after consultation with the Company); and

30.10.2 any translation from one currency or currency unit to another shall be at the official rate of exchange recognised by the central bank for the conversion of that currency or currency unit into the other, rounded up or down by the Lender (acting reasonably).

30.10.3 If a change in any currency of a country occurs, this Agreement will, to the extent the Lender (acting reasonably and after consultation with the Company) specifies to be necessary, be amended to comply with any generally accepted conventions and market practice in the Relevant Interbank Market and otherwise to reflect the change in currency.

30.11 Disruption to Payment Systems etc.

If either the Agent determines (in its discretion) that a Disruption Event has occurred or the Agent is notified by the Company or a Lender that a Disruption Event has occurred:

30.11.1 the Agent may, and shall if requested to do so by the Company, consult with the Borrowers with a view to agreeing with the Company such changes to the operation or administration of a Facility as the Agent may deem necessary in the circumstances;

30.11.2 the Agent shall not be obliged to consult with the Company in relation to any changes mentioned in paragraph 30.11.1 if, in its opinion, it is not practicable to do so in the circumstances and, in any event, shall have no obligation to agree to such changes;;

30.11.3 any such changes agreed upon by the Agent and the Company shall (whether or not it is finally determined that a Disruption Event has occurred) be binding upon the Parties as an amendment to (or, as the case may be, waiver of) the terms of the Finance Documents notwithstanding the provisions of Clause 36 (*Amendments and Waivers*); and

30.11.4 the Agent shall not be liable for any damages, costs or losses whatsoever (including, without limitation for negligence, gross negligence or any other category of liability whatsoever but not including any claim based on the fraud of the Agent) arising as a result of its taking, or failing to take, any actions pursuant to or in connection with this Clause 30.11.

31. SET-OFF

Each Finance Party may set off any obligation due from an Obligor under the Finance Documents (to the extent beneficially owned by that Finance Party) against any obligation owed by that Finance Party to that Obligor, regardless of the place of payment, booking branch or currency of either obligation. If the obligations are in different currencies, each Finance Party may convert either obligation at a market rate of exchange in its usual course of business for the purpose of the set-off.

32. NOTICES

32.1 Communications in writing

Any communication to be made under or in connection with the Finance Documents shall be made in writing and, unless otherwise stated, may be made by fax or letter.

32.2 Addresses

The address and fax number (and the department or officer, if any, for whose attention the communication is to be made) of each Party for any communication or document to be made or delivered under or in connection with the Finance Documents is:

32.2.1 in the case of a Borrower, that identified with its name below;

32.2.2 in the case of any other Obligor or a Lender (other than the Original Lender), that notified in writing to the Agent on or prior to the date on which it becomes a Party; and

32.2.3 in the case of the Agent and the Security Agent, that identified with its name below,

or any substitute address, fax number or department or officer as the Party may notify to the Agent (or the Agent may notify to the other Parties, if a change is made by the Agent) by not less than five Business Days' notice.

32.3 Delivery

32.3.1 Any communication or document made or delivered by one person to another under or in connection with the Finance Documents will only be effective:

(a) if by way of fax, when received in legible form; or

(b) if by way of letter, when it has been left at the relevant address or five Business Days after being deposited in the post postage prepaid in an envelope addressed to it at that address,

32.3.2 and, if a particular department or officer is specified as part of its address details provided under Clause 32.2 (*Addresses*), if addressed to that department or officer.

32.3.3 Any communication or document to be made or delivered to the Agent or the Security Agent will be effective only when actually received by the it and then only if it is expressly marked for the attention of the department or officer identified with the its signature below (or any substitute department or officer as it shall specify for this purpose).

32.3.4 Any communication or document made or delivered to the Investor in accordance with this Clause will be deemed to have been made or delivered to each of the Obligors.

32.4 English language

32.4.1 Any notice given under or in connection with any Finance Document must be in English.

32.4.2 All other documents provided under or in connection with any Finance Document must be:

(a) in English; or

(b) if not in English, and if so required by the Agent, accompanied by a certified English translation and, in this case, the English translation will prevail unless the document is a constitutional, statutory or other official document.

33. CALCULATIONS AND CERTIFICATES

33.1 Accounts

In any litigation or arbitration proceedings arising out of or in connection with a Finance Document, the entries made in the accounts maintained by the Lender are *prima facie* evidence of the matters to which they relate.

33.2 Certificates and Determinations

Any certification or determination by the Lender of a rate or amount under any Finance Document is, in the absence of manifest error, conclusive evidence of the matters to which it relates.

33.3 Day count convention

Any interest, commission or fee accruing under a Finance Document will accrue from day to day and is calculated on the basis of the actual number of days elapsed and a year of 365 days or, in any case where the practice in the Relevant Interbank Market differs, in accordance with that market practice.

34. PARTIAL INVALIDITY

If, at any time, any provision of the Finance Documents is or becomes illegal, invalid or unenforceable in any respect under any law of any jurisdiction, neither the legality, validity or enforceability of the remaining provisions nor the legality, validity or enforceability of such provision under the law of any other jurisdiction will in any way be affected or impaired.

35. REMEDIES AND WAIVERS

No failure to exercise, nor any delay in exercising, on the part of the Lender, any right or remedy under the Finance Documents shall operate as a waiver, nor shall any single or partial exercise of any right or remedy prevent any further or other exercise or the exercise of any other right or remedy. The rights and remedies provided in this Agreement are cumulative and not exclusive of any rights or remedies provided by law.

36. AMENDMENTS AND WAIVERS

36.1 Required consents

36.1.1 Subject to Clause 36.2 (*Exceptions*) any term of the Finance Documents may be amended only with the consent of the Majority Lenders and the Obligors and any such amendment will be binding on all Parties.

36.1.2 Any term of the Finance Documents may be waived only with the consent of all Lenders and the Obligors.

36.2 Exceptions

36.2.1 An amendment that has the effect of changing or which relates to:

(a) the definition of "Majority Lenders" in Clause 1.1 (*Definitions*);

(b) any change regarding the scope and terms of Security granted pursuant to the Transaction Security Documents ;

(c) an extension to the date of payment of any amount under the Finance Documents;

(d) a reduction in the Margin or a reduction in the amount of any payment of principal, interest, fees or commission payable;

(e) an increase in or an extension of any Commitment;

(f) a change to a Borrower, a Guarantor or an Obligor;

(g) any provision which expressly requires the consent of all the Lenders; or

(h) Clause 2.4 (*Finance Parties' rights and obligations*), Clause 26 (*Changes to the Finance Parties*), Clause 23 (*Financial Covenants*) or this Clause 36,

shall not be made without the prior consent of all the Lenders.

36.2.2 An amendment or waiver which relates to the rights or obligations of the Agent may not be effected without the consent of the Agent.

37. COUNTERPARTS

Each Finance Document may be executed in any number of counterparts, and this has the same effect as if the signatures on the counterparts were on a single copy of the Finance Document.

38. GOVERNING LAW

This Agreement and any non-contractual obligations arising out of or in connection with it are governed by Polish law.

39. ENFORCEMENT

39.1 Polish courts

The court relevant for the location of the Agent's seat has exclusive jurisdiction to settle any dispute arising out of or in connection with this Agreement (including a dispute regarding the existence, validity or termination of this Agreement or any non-contractual obligations arising out of or in connection with it or the consequences of its nullity)(a "**Dispute**").

39.2 Convenient Forum

The parties agree that the court referred to in Clause 39.1 is an appropriate and convenient court to settle Disputes between them and, accordingly, that they will not argue to the contrary.

39.3 Non-exclusive Jurisdiction

This Clause 39 is for the benefit of the Lender only. As a result and notwithstanding Clause 39.1 (*Polish Courts*), it does not prevent the Lender from taking proceedings relating to a Dispute ("**Proceedings**") in any other courts with jurisdiction. To the

extent allowed by law, the Lender may take concurrent Proceedings in any number of jurisdictions.

THIS AGREEMENT HAS BEEN ENTERED INTO ON THE DATE STATED AT THE BEGINNING OF THIS AGREEMENT.

SCHEDULE 1
THE ORIGINAL PARTIES

PART I
THE ORIGINAL GUARANTORS

Name of Original Guarantor	**Registration number (or equivalent, if any)**
Central European Distribution Corporation	IRS EIN 54-18652710

PART II
THE ORIGINAL LENDERS

Name of Original Lender	Facility A Commitment	Facility B Commitment	Facility C Commitment
Bank Handlowy w Warszawie S.A.	PLN 84,500,000	PLN 130,000,000	PLN 0
Bank Zachodni WBK S.A.	PLN 45,500,000	PLN 0	PLN 70,000,000
TOTAL:	PLN 130,000,000	PLN 130,000,000	PLN 70,000,000

SCHEDULE 2
CONDITIONS PRECEDENT

All the documents provided in accordance with this Schedule 2 shall be in the form and substance satisfactory to the Agent. Further, all the copies shall be delivered as certified copies in accordance with Clause 1.2.1(e) of this Agreement.

PART I
CONDITIONS PRECEDENT TO INITIAL UTILISATION

1. The Obligors

1.1 Copies of the constitutional documents of each Borrower and the Original Guarantor (including the excerpts from the relevant registers).

1.2 A copy of a resolution of the Management Board of each Borrower and the Board of Directors of the Investor:

(a) approving the terms of, and the transactions contemplated by, the Finance Documents to which it is a party and resolving that it shall execute the Finance Documents to which it is a party;

(b) authorising a specified person or persons to execute the Finance Documents to which it is a party on its behalf (provided that this condition does not apply to Obligors incorporated in Poland which execute Finance Documents in accordance with their representation requirements); and

(c) authorising a specified person or persons, on its behalf, to sign and/or despatch all documents and notices (including, if relevant, any Utilisation Request or Overdraft Instruction) to be signed and/or despatched by it under or in connection with the Finance Documents to which it is a party.

1.3 A specimen of the signature of each person authorised on behalf of each Borrower and Original Guarantor to enter into or witness the entry into of any Finance Document and a copy of each such person's passport or national identity card.

1.4 A certificate of each Borrower and Original Guarantor confirming that borrowing or guaranteeing respectively, as appropriate, the Total Commitments would not cause any borrowing, guaranteeing or similar limit binding on such Borrower and Original Guarantor to be exceeded.

1.5 A copy of the resolution of the Shareholder's Meeting of each Borrower and the Original Guarantor to the extent that such resolution is required by the relevant Obligor's constitutional documents or by law.

1.6 A copy of the resolution of the Supervisory Board of of each Borrower and the Original Guarantor to the extent that such resolution is required by the relevant Obligor' constitutional documents or by law.

1.7 A copy of the share register of each Borrower.

1.8 A certificate of an authorised signatory of each Borrower and the Original Guarantor Obligor certifying that each copy document relating to it specified in this Schedule 2

is correct, complete and in full force and effect as at a date no earlier than the date of this Agreement.

1.9 Up-to-date tax and ZUS certificates confirming that the Borrowers has no outstanding tax or social charges liabilities.

2. Legal opinions

2.1 The following legal opinions, each addressed to the Lenders:

(a) A legal opinion of Clifford Chance Janicka, Krużewski, Namiotkiewiczi wspolnicy sp. komandytowa, legal advisers to the Lender in respect of Polish law.

(b) If an Obligor is a Polish company, a legal opinion of the general counsel of CEDC Group in respect of Polish law as to the capacity, due representation and valid representation of that Obligor.

(c) A legal opinion of Dewey & LeBoeuf LLP, legal advisers to the Borrowers as to the matters of the laws of the state of New York (USA) and the Delaware General Corporation Law confirming no violation of any provisions of the Indenture by the Finance Documents, capacity and due representation of Central European Distribution Corporation Inc. and that no consent of creditors under the Indenture is needed for establishment of the security interests under the Security Documents.

3. Finance Documents

3.1 This Agreement.

4. Security Documents

4.1 The Intercreditor Agreement.

4.2 A registered pledge and a financial pledge over all the shares in the Company and Borrower 2, and approximately 33% of the shares in Borrower 1, each securing the Total Commitments (including all notices and acknowledgements, and a power of attorney to perform shareholder's rights as well as a power of attorney to execute a pledge agreement over the new shares in the Borrower), together with a proof of filing for registration and evidence of payment of relevant court fees.

4.3 Excerpts from the register of registered pledges confirming the absence of any pledge on shares in each Borrower, other than Existing Security.

4.4 Proof of filing an application to obtain an excerpts from the register of fiscal pledges confirming the absence of any pledge on shares of each Borrower.

4.5 Submission to Execution of each Borrower and the Investor.

4.6 Copies of all consents and other documents necessary for the purpose of creating the Security in accordance with the Finance Documents.

5. Financial Statements

5.1 Copies of the Original Financial Statements of the Borrowers and the Investor.

5.2 A copy of the Group structure chart in the form and substance satisfactory to the Agent (incorporating intra-group loans).

6. Other Documents and Evidence

6.1 A copy of any other Authorisation or other document, opinion or assurance which the Agent considers to be necessary (if it has notified the Borrowers accordingly) in connection with the entry into and performance of the transactions contemplated by any Finance Document or for the validity and enforceability of any Finance Document.

PART II
CONDITIONS PRECEDENT REQUIRED TO BE DELIVERED BY AN ADDITIONAL GUARANTOR

1. An Accession Letter, duly executed by the Additional Guarantor and the Borrowers.
2. Copies of the constitutional documents of the Additional Guarantor (including the excerpt from the relevant register).
3. A copy of a resolution of the Management Board (or other corporate authority) of the Additional Guarantor:
   (a) approving the terms of, and the transactions contemplated by, the Accession Letter and resolving that it shall execute the Accession Letter;
   (b) authorising a specified person or persons to execute the Accession Letter (provided that this condition does not apply to an Additional Guarantor incorporated in Poland which executes the Accession Letter in accordance with its representation requirements).
4. The Submission to Execution for the Additional Guarantor.
5. A specimen of the signature of each person authorised to execute the Accession Letter and a copy of each such person's passport or national identity card.
6. A certificate of the Additional Guarantor confirming that borrowing or guaranteeing respectively, as appropriate, the Total Commitments would not cause any borrowing, guaranteeing or similar limit binding on the Additional Guarantor to be exceeded.
7. A copy of the resolution of the Shareholders' Meeting of the Additional Guarantor to the extent that such resolution is required by the Additional Guarantor's constitutional documents or by law.
8. A copy of the resolution of the Supervisory Board of the Additional Guarantor to the extent that such resolution is required by the relevant the Additional Guarantor's constitutional documents or by law.
9. If the Additional Guarantor is a Polish entity, a copy of its share register.
10. A certificate of an authorised signatory of each of the Additional Guarantor certifying that each copy document relating to it specified in this Part B is correct, complete and in full force and effect as at a date no earlier than the date of this Agreement.
11. If the Additional Guarantor is a Polish entity, up-to-date (but in any event issued not earlier than 30 days prior to the date of the Accession Letter) tax and ZUS certificates confirming that the Additional Guarantor has no outstanding tax or social charges liabilities
12. The following legal opinions, each addressed to the Lender:
   (a) A legal opinion of legal advisers to the Lenders in respect of Polish law.

(b) If the Additional Guarantor is not a Polish company, a legal opinion of advisers to the Borrowers in respect of capacity, due representation and valid representation of the Additional Guarantor.

13. To the extent not otherwise previously delivered pursuant to the terms of any Finance Document, the latest audited and unaudited financial statements of the Additional Guarantor and the latest available management accounts.

14. A copy of any other Authorisation or other document, opinion or assurance which the Lenders considers to be necessary or desirable (if it has notified the Additional Guarantor accordingly) in connection with the entry into and performance of the transactions contemplated by any Finance Document or for the validity and enforceability of any Finance Document.

SCHEDULE 3
UTILISATION REQUEST

From: [*Borrower*]
To: [*Agent*]
Dated:
Dear Sirs

CEDC International Sp. z o.o. – PLN 330,000,000 Facilities Agreement

dated [ ] 2010 (the "Agreement")

1. We refer to the Agreement. This is a Utilisation Request in respect of Facility A. Terms defined in the Agreement have the same meaning in this Utilisation Request unless given a different meaning in this Utilisation Request.
2. We wish to borrow the Advance on the following terms:

Proposed Utilisation Date:	[ ] (or, if that is not a Business Day, the next Business Day)
Currency of the Advance:	PLN
Amount:	[ ] or, if less, the Available Facility
Interest Period:	3 Months

3. We confirm that each condition specified in Clause 4.2 (*Further conditions precedent*) is satisfied on the date of this Utilisation Request.
4. The proceeds of this Advance should be credited to [*account*].
5. This Utilisation Request is irrevocable.

Yours faithfully

_____

authorised signatory for

CEDC International Sp. z o.o.

* delete as appropriate

SCHEDULE 4
TECHNICAL DIVISION OF FACILITY B AND FACILITY C

PART I
INITIAL TECHNICIAL DIVISION OF FACILITY B

Borrower	Maximum amount of Facility B
The Company	**PLN 77,000,000**
Przedsiębiorstwo "Polmos" Białystok S.A.	**PLN 50,000,000**
PWW sp. z o.o.	**PLN 3,000,000**
Total	**PLN 130,000,000**

PART II
INITIAL TECHNICIAL DIVISION OF FACILITY C

Borrower	Maximum amount of Facility C
The Company	**PLN 40,000,000**
Przedsiębiorstwo “Polmos” Białystok S.A.	**PLN 30,000,000**
PWW sp. z o.o.	**PLN 0**
Total	**PLN 70,000,000**

PART III
FORM OF TECHNICAL DIVISION AMENDMENT REQUEST

From: [*Obligors' Agent*]

To: [Original Lender]

Dated:

Dear Sirs

CEDC International Sp. z o.o. – PLN 330,000,000 Facilities Agreement

dated [ ] 2010 (the "Agreement")

1. We refer to the Agreement. This is a Technical Division Amendment Request in respect of [Facility B]/[Facility C]*. Terms defined in the Agreement have the same meaning in this Technical Division Amendment Request unless given a different meaning in this Technical Division Amendment Request.
2. We wish to amend the Technical Division in respect of [Facility B]/[Facility C]* in the following manner:

Borrower	Maximum amount of [Facility B]/ [Facility C]*
The Company	[ ]
Przedsiębiorstwo "Polmos" Białystok S.A.	[ ]
PWW sp. z o.o.	[ ]
Total	**PLN [ ]**

3. We confirm that no Default has occurred and is continuing.
4. This Technical Division Amendment Request is irrevocable.

Yours faithfully

_____

authorised signatory for
CEDC International Sp. z o.o.

* delete as appropriate

SCHEDULE 5
FORM OF ACCESSION LETTER

To: [*Lender*]

From: [Subsidiary] and [Borrower]

Dated:

Dear Sirs

CEDC International Sp. z o.o. – PLN 330,000,000 Facilities Agreement dated [ ] 2010 (the "Agreement")

1. We refer to the Agreement. This is an Accession Letter. Terms defined in the Agreement have the same meaning in this Accession Letter unless given a different meaning in this Accession Letter.
2. [*Subsidiary*] agrees to become an Additional Guarantor and to be bound by the terms of the Agreement as an Additional Guarantor pursuant to Clause Form of Accession Letter (*Additional Guarantors*) of the Agreement. [*Subsidiary*] is a company duly incorporated under the laws of [*name of relevant jurisdiction*].
3. [*Subsidiary's*] administrative details are as follows:

   Address:

   Fax No:

   Attention:
4. This Accession Letter is governed by Polish law.

[Borrower] [Subsidiary]

SCHEDULE 6
FORM OF COMPLIANCE CERTIFICATE

To: [*Lender*]

From: [*Borrower*]

Dated:

Dear Sirs

CEDC International Sp. z o.o. – PLN 330,000,000 Facilities Agreement dated [ ] 2010 (the "Agreement")

1. We refer to the Agreement. This is a Compliance Certificate. Terms defined in the Agreement have the same meaning when used in this Compliance Certificate unless given a different meaning in this Compliance Certificate.
2. We confirm that:
   (a) the Net Leverage Ratio is [ ]; and
   (b) the Consolidated Coverage Ratio is [ ].
3. We confirm that: [*computations as to EBITDA and aggregate gross assets and the aggregate net assets*]
4. We confirm that no Default is continuing.

Signed:_____
Director
of
[*Borrower*]

_____
Director
of
[*Borrower*]

SCHEDULE 7
EXISTING SECURITY

Type of facility agreement	Type of security
Indenture with Deutsche Trustee Company Limited as Trustee	
Indenture dated 2 December 2009, as further amended	Guarantees of Obligors and other members of the Group
	First-priority pledge (registered, financial or of similar nature) or charge over the shares of the members of the Group.
	First-priority pledge (registered, financial or of similar nature) or, in an applicable jurisdiction, assignment of rights under the bank accounts of some of the members of the Group or withdrawal rights agreements in respect of the bank accounts.
	First-priority pledge of the intercompany loans made by the Issuer (as defined in the Indenture) and certain members of the Group.
	Assignment of rights under the intercompany loans made to the members of the Group.
	Registered and ordinary pledges over Soplica trademark and and on certain intellectual property rights owned by Copecresto.
	Joint and capped mortgages over CEDC International sp. z o.o. (Oborniki plant) and Przedsiębiorstwo „Polmos" Białystok S.A real properties. Mortgages agreements re. real properties of Sibirian Distillery Novosibirsk and OOO First Tula Distillery.

Type of facility agreement	Type of security
Ovedraft Facility Agreement with Bank Polska Kasa Opieki S.A.	
Framework facility agreement (overdraft) dated 29.03.2007 (as amended)	Registered pledge over inventory; Power of Attorney to current bank account; Assignment of receivables (also made by Polmos Białystok); Sponsor Declaration issued by Central European Distribution Corporation
CEDC International	
PWW	

Type of facility agreement	Type of security
Overdraft Facility Agreement with BRE Bank S.A.	
Overdraft Facility dated 31.08.2007 (as amended)	
	Promissory notes
CEDC International	

SCHEDULE 8
FORM OF TRANSFER CERTIFICATE

To: [*The New Lender*] (the "**New Lender**")

:From: [*The Existing Lender*] (the "**Existing Lender**")

Dated: [ ]

CEDC International-Poland Sp. z o.o. – PLN 330,000,000 Facilities Agreement dated [ ] 2010 (the "Agreement")

1. We refer to the Agreement. This is a Transfer Certificate. Terms defined in the Agreement have the same meaning in this Transfer Certificate unless given a different meaning in this Transfer Certificate.
2. We refer to Clause 26.4 (*Procedure for transfer*):
   (a) The Existing Lender and the New Lender agree to the Existing Lender assigning to the New Lender all or part of the Existing Lender's rights and transferring to it all or part of its Available Facility and obligations referred to in the Schedule in accordance with Clause 26.4 (*Procedure for transfer*).
   (b) The New Lender assumes the same obligations to the other Finance Parties as if it had been the Lender, and confirms its agreement to the terms of Clause 39 (*Enforcement*).
   (c) The Transfer Date is [].
   (d) The Facility Office and address, fax number and attention details for notices of the New Lender for the purposes of Clause 32.2 (*Addresses*) are set out in the Schedule.
3. The New Lender expressly acknowledges the limitations on the Existing Lender's obligations set out in Clause 26.3 (*Limitation of responsibility of Existing Lender*).
4. This Transfer Certificate may be executed in any number of counterparts and this has the same effect as if the signatures on the counterparts were on a single copy of this Transfer Certificate.
5. This Transfer Certificate is governed by Polish law.

THE SCHEDULE

Commitment/rights and obligations to be transferred

[insert relevant details]
[Facility Office address, fax number and attention details for notices and account details for payments,]

[Existing Lender]	**[New Lender]**
By:	By:

[The Borrowers confirm their agreement to the above assignment of right and transfer of obligations.]*

* *Include only if the Borrower is required to countersign pursuant to Clause 26.5 (Copy of Transfer Certificate to the Borrower) e.g. the Borrower should be required to countersign if any commitment is still in force and hence there are obligations to be transferred between the Lenders]*

SCHEDULE 9
TIMETABLES

	Advance
Delivery of a duly completed Utilisation Request (Clause 5.1 (*Delivery of a Utilisation Request*)	U-2
	9.30am
WIBOR is fixed	Quotation Day as of 11:00 a.m. Warsaw time

"U" = date of utilisation
"U - X" = X Business Days prior to date of utilisation

SCHEDULE 10
FORM OF RESIGNATION LETTER

To: [ ] as Agent

From: [*resigning Obligor*] and [CEDC International sp. z o.o.]

Dated:

Dear Sirs,

CEDC International-Poland Sp. z o.o. – PLN 330,000,000 Facilities Agreement

dated [ ] 2010 (the "Agreement")

1. We refer to the Agreement. This is a Resignation Letter. Terms defined in the Agreement have the same meaning in this Resignation Letter unless given a different meaning in this Resignation Letter.
2. Pursuant to Clause 27.4 (*Resignation of a Guarantor*)], we request that [*resigning Obligor*] be released from its obligations as a [Guarantor] under the Agreement.
3. We confirm that no Default is continuing or would result from the acceptance of this request.
4. This Resignation Letter and any non-contractual obligations arising out of or in connection with it are governed by Polish law.

CEDC International-Poland Sp. z o.o. [Subsidiary]

By: By:

NOTES:

* Insert any other conditions required by the Facility Agreement.

SCHEDULE 11
INDEBTEDNESS

Intercompany loans as of December 15th 2010

Borrower	Lender	Currency	Amount
Bols	CEDC	USD	125 000 000,00
Polmos Białystok	CEDC	USD	125 000 000,00
Polmos Białystok	CEDC	USD	50 000 000,00
CEDC International	CEDC Finco	USD	108 285 800,00
CEDC International	CEDC Finco	EUR	372 251 800,00
Jelegat	CEDC Finco	USD	263 985 000,00
Distilleri Topaz	Jelegat	USD	193 995 000,00
First Tula Distillery	Jelegat	USD	13 400 000,00
Bravo Premium	Jelegat	USD	18 000 000,00
The Trading House Russian Alkohol	Jelegat	USD	5 000,00
RAG	Jelegat	USD	15 680 000,00
Zao Sibirsky LVZ	Jelegat	USD	22 900 000,00
Mid-Russian Distilleries	Jelegat	USD	5 000,00
Copecresto	CEDC Int.	USD	6 000 000,00
Lion Rally Lux 2	CEDC Int.	USD	10 602 739,73
Pasalba	CEDC Int.	USD	4 548 388,20
Chorniy&Mikola	AUK	USD	10 367 000,00
Vlaktor Trading	AUK	USD	210 900,00
AUK	Pasalba Ltd	USD	1 000 000,00
AUK	Pervy Kupazhny Z-d	USD	4 000 000,00
AUK	Vlaktor Trading	USD	802 000,00
Pasalba	Lion Rally Lux 3	USD	2 633 116,29
Lion Rally Lux 3	Lion Rally Lux 2	USD	11 585 107,74

CEDC Int.	Polmos Białystok	PLN	11 760 000,00
CEDC Int.	CEDC Finco	EUR	51 108 861,11

Bonds Issued as of December 15th 2010

Borrower		Currency	Amount
CEDC	CSN	USD	310 000 000,00
CEDC Finco	SSN	USD	380 000 000,00
CEDC Finco	SSN	EUR	430 000 000,00

SIGNATURES

THE INVESTOR

CENTRAL EUROPEAN DISTRIBUTION CORPORATION

By: /s/ Przemysław Witas
Przemysław Witas

Address: c/o CEDC
Biuro Zarządu CEDC
Bobrowiecka 6, 00-728, Warsaw
Telephone: +48 22 45 66 000
Facsimile: +48 22 45 66 001
Attention: the CEDC Management Board

THE COMPANY

CEDC INTERNATIONAL SP. Z O.O.

By: /s/ Przemysław Witas
Przemysław Witas

Address: c/o CEDC
Biuro Zarządu CEDC
Bobrowiecka 6, 00-728, Warsaw
Telephone: +48 22 45 66 000
Facsimile: +48 22 45 66 001
Attention: the CEDC Management Board

BORROWER 1

PRZEDSIĘBIORSTWO "POLMOS" BIAŁYSTOK S.A.

By: /s/ Przemysław Witas
Przemysław Witas

Address: c/o CEDC
Biuro Zarządu CEDC
Bobrowiecka 6, 00-728, Warsaw
Telephone: +48 22 45 66 000
Facsimile: +48 22 45 66 001
Attention: the CEDC Management Board

BORROWER 2

PWW SP. Z O.O.

By: /s/ Przemysław Witas
Przemysław Witas

Address: c/o CEDC
Biuro Zarządu CEDC
Bobrowiecka 6, 00-728, Warsaw
Telephone: +48 22 45 66 000
Facsimile: +48 22 45 66 001
Attention: the CEDC Management Board

THE ORIGINAL GUARANTOR

CENTRAL EUROPEAN DISTRIBUTION CORPORATION

By: /s/ Przemysław Witas
Przemysław Witas

Address: c/o CEDC
Biuro Zarządu CEDC
Bobrowiecka 6, 00-728, Warsaw
Telephone: +48 22 45 66 000
Facsimile: +48 22 45 66 001
Attention: the CEDC Management Board

THE AGENT

BANK HANDLOWY W WARSZAWIE S.A.

By: /s/ Beata Czekańska
Beata Czekańska

/s/ Sebastian Perczak
Sebastian Perczak

Address: Goleszowska 6
01-260 Warsaw, Poland
Telephone: +48 22 692 9934
Facsimile: +48 22 692 9943
Attention: Bogdan Danowski, Departament Operacji Kredytowych

THE SECURITY AGENT

BANK HANDLOWY W WARSZAWIE S.A.

By: /s/ Beata Czekańska
Beata Czekańska

/s/ Sebastian Perczak
Sebastian Perczak

Address: Goleszowska 6
01-260 Warsaw, Poland
Telephone: +48 22 692 9934
Facsimile: +48 22 692 9943
Attention: Bogdan Danowski, Departament Operacji Kredytowych

ORIGINAL LENDER 1

BANK HANDLOWY W WARSZAWIE S.A.

By: /s/ Beata Czekańska
Beata Czekańska

/s/ Sebastian Perczak
Sebastian Perczak

Address: Goleszowska 6
01-260 Warsaw, Poland
Telephone: +48 22 692 9934
Facsimile: +48 22 692 9943
Attention: Bogdan Danowski, Departament Operacji Kredytowych

ORIGINAL LENDER 2

BANK ZACHODNI WBK S.A.

By: /s/ Małgorzata Nesterowicz
Małgorzata Nesterowicz

/s/ Michał Miecznicki
Michał Miecznicki

Address: Grzybowska 5a
00-132 Warsaw, Poland
Telephone: +48 22 586 8465
Facsimile: +48 22 586 8140
Attention: Maciek Skorupka, Michał Miecznicki

Exhibit 10.55

9 December 2010

CEDC FINANCE CORPORATION INTERNATIONAL, INC.

and

CEDC INTERNATIONAL SP. ZO.O.

LOAN AGREEMENT

TABLE OF CONTENTS

THIS LOAN AGREEMENT (the "**Agreement**") signed on 9 December 2010 is entered into between:

CEDC FINANCE CORPORATION INTERNATIONAL, INC. a corporation incorporated under the laws of the State of Delaware, with its registered office at Corporate Trust Center, 1209 Orange Street, Wilmington, DE 19801, USA (the "**Lender**"),

and

CEDC INTERNATIONAL SP. ZO.O. (formerly known as **CAREY AGRI INTERNATIONAL-POLAND SP. ZO.O.)** a limited liability company incorporated under the laws of the Republic of Poland, with its registered seat in Warsaw, at ul. Bokserska 66A, 02-690 Warsaw, Poland, with registration number 0000051098 (the "**Borrower**").

WHEREAS:

(A) As of the date of this Agreement, the Lender has issued EUR 50,000,000 in 8.875% senior secured notes due in 2016 (the "**Notes**") pursuant to an indenture dated 2 December 2009 as supplemented by the first supplemental indenture dated 29 December 2009 and the second supplemental indenture dated 7 December 2010 (the indenture, as so supplemented, the "**Indenture**"), among the Lender, the Borrower, Central European Distribution Corporation (the "**Parent**"), certain subsidiaries of Parent as guarantors (together with Parent, the "**Guarantors**"), Deutsche Trustee Company Limited as trustee, Deutsche Trust Company Americas and Deutsche Bank Luxembourg S.A. as registrar, transfer and paying agent, Deutsche Bank AG, London Branch as principal paying agent and Polish Security Agent and TMF Trustee Limited as global security agent. The price for the Notes at issue has been established at EUR 51,312,500.00.

(B) Pursuant to a purchase agreement dated 6 December 2010 between the Lender, Parent, the Guarantors and Citigroup Global Markets Limited as representative of the several parties named in Schedule 1 thereto, the Lender is obliged to pay the underwriting commission amounting to 0.6% of the aggregate principal amount of the Notes which is EUR 3,000,000 (the "**Fees**").

(C) The Lender intends to grant to the Borrower a loan in the amount of EUR 51,108,861.11 (the "**Loan**") from the proceeds obtained by the Lender from the issuance of the Notes.

Capitalised terms used herein and not otherwise defined, shall have the meanings assigned to them in the Indenture.

NOW, THEREFORE, THE PARTIES AGREED AS FOLLOWS:

ARTICLE 1
THE LOAN

1.1 The Loan shall be made in one advance and paid to the Borrower on the date of this Agreement. The Loan shall be paid to such accounts as the Borrower shall specify to the Lender in writing.

1.2 The Loan shall be executed in the form of a bank transfer made from the Lender's bank accounts.

ARTICLE 2
INTEREST

2.1 For the purposes of this Article 2 only "**Loan**" shall mean the aggregate of the Loan divided by 0.99361 and an amount equal to the Fees attributable to the Loan.

2.2 Interest on the Loan shall accrue from the date of this Agreement until the repayment of the Loan and shall be paid at the rate of 8.875% per annum.

2.3 Accrued interest on the Loan shall be payable in arrears in immediately available funds not later than May 31 and November 30 of each year and in any event on such date as the Lender shall reasonably request such that the Lender shall be able to comply with its obligations to make corresponding payments in respect of the Notes. The first such interest payments shall be made on or before May 31, 2011.

2.4 If the rate of interest on the Notes increases pursuant to the terms of the Indenture: (i) the rate of interest on the Loan, as the case may be, shall increase automatically by the same percentage; and (ii) the Borrower will pay to the Lender, to cover such increase in interest rate, an amount equal to the additional rate required pursuant to the Indenture.

ARTICLE 3
REPAYMENT

3.1 The Loan (together with all costs thereon) shall mature and be repaid in full on November 30, 2016. In the event that the entire principal amount of the Notes (or a portion of the principal the Notes) is due and payable prior to their stated maturity (whether due to a redemption or offer of payment of the Notes, a declaration of acceleration of the stated maturity date of the Notes or otherwise), the Borrower shall, promptly after demand by the Lender, repay a principal amount of the Loan, as the case may be, under this Agreement, together with the accrued interest, premiums in respect of the Notes (if any) and the amounts of any fees, costs and expenses as are due and payable under Article 4 as determined and allocated by the Lender in its absolute discretion. For the avoidance of doubt, no prepayment of the Loan (whether in whole or in part) shall be permitted unless a corresponding prepayment of the Notes, as the case may be, is made concurrently therewith. Notwithstanding anything in this Agreement or any similar loan agreement, the Lender shall make such demand for repayment under such agreements in its discretion, provided, however, that it shall obtain from the aggregate of such demands

an amount sufficient to discharge its corresponding payment obligations in respect of the Notes.

3.2 In the event of: (a) a declaration of an acceleration of the stated maturity of the Notes (to the extent such declaration has not been rescinded); (b) the failure by the Borrower to make a repayment of the Loan by any date specified in Section 3.1; or (c) upon the occurrence of any Event of Default, then at any time thereafter the Lender may, in its absolute discretion, by notice in writing to the Borrower cancel the Loan and declare the Loan to be immediately due and payable together with all interest, fees and other amounts payable hereunder and upon such declaration such sums shall become immediately due without further demand.

ARTICLE 4
FEES AND EXPENSES

4.1 The Borrower shall pay to the Lender on the maturity date such costs, expenses, fees (including the Fees) and taxes (including legal and out-of-pocket expenses) determined by the Lender in its absolute discretion to be attributable to the Loan and incurred by the Lender in contemplation of, or otherwise in connection with: (i) the Notes; and (ii) the enforcement of any rights under this Agreement from the date on which such expenses were incurred to the date of payment (as well after as before judgment). The Borrower also agrees to pay on demand to the Lender an amount equal to the amounts required to be paid in satisfaction of franchise taxes and other amounts required to be paid (or advisable) to maintain corporate existence or in satisfaction of reasonable accounting, legal, management and administrative expenses.

4.2 All expenses payable pursuant to Section 4.1 shall be paid together with Value Added Tax (if any) thereon.

4.3 The Borrower shall also incur all other expenses, in contemplation of, or otherwise in connection with the Notes (such as rating agency fees, legal, tax and financial advisory expenses), which it is obliged to pay under relevant agreements with third parties.

ARTICLE 5
PAYMENTS

5.1 If any payment under this Agreement falls due on a day that is not a Business Day, the period (or the date for payment) shall be extended to end on the next succeeding Business Day. There a date for payment is altered under this Section, interest shall be re-calculated accordingly.

5.2 All payments by the Borrower shall be made in immediately available funds to such account as it may specify in writing, and free and clear of any present or future tax, withholding or other deduction, unconditionally and without any set-off or counter-claim whatsoever, save for any deduction which the Borrower is required to make by law.

5.3 All payments by the Borrower in respect of the Loan shall be made in Euro only.

5.4 If the Borrower is required by law to make any deduction or withhold any amounts, it shall pay to the Lender such additional amount as makes the net amount received by the Lender equal to the full amount payable if there had been no deduction or withholding. The Borrower shall promptly deliver to the Lender any receipts or other proof evidencing the amounts deducted or withheld from the amounts payable to the Lender.

ARTICLE 6
NOTICES

6.1 Any notice or notification in any form to be given hereunder may be delivered in person or sent by letter or facsimile addressed to:

(a) the Borrower at: ul. Bobrowiecka 00-728, Warsaw, Poland, fax +48 22 488-3410 (Attention: Mr. Christopher Biedermann); and

(b) the Lender at: Two Bala Plaza, Suite 300, Bala Cynwyd, Pennsylvania 19004, fax +1 1610-667-3308 (Attention: James Archibold),

or in each case, to such other address(es) and marked for the attention of such other person(s) as any of the parties may from time to time notify to the others in writing.

6.2 Any such notice shall take effect, in the case of a letter, at the time of delivery, or in the case of a facsimile transmission, at the time of receipt by the sender of confirmation that the fax message has been transmitted to the addressee.

6.3 No failure or delay by the Lender in exercising any right or remedy hereunder shall operate as a waiver thereof nor shall any single or partial exercise of any right or remedy preclude any further exercise thereof or the exercise of any other right or remedy. The rights and remedies herein are cumulative and not exclusive of any rights and remedies provided by law.

ARTICLE 7
SEVERABILITY

If any provision of this Agreement shall be held to be illegal, invalid or unenforceable, in whole or in part, under any applicable enactment or rule of law, such provision or part shall (so far as it is illegal, invalid or unenforceable) be given no effect and shall be deemed to be not included in this Agreement, but the legality, validity and enforceability of the remainder of this Agreement (or this Agreement generally under the laws of any other jurisdiction) shall not be affected.

ARTICLE 8
NO ASSIGNMENT

Neither the rights, benefits and obligations of the Borrower nor the Lender under this Agreement are capable of assignment without the consent of the other and the trustee under the Indenture for the Notes; provided that the foregoing shall not prohibit or restrict the grant of any lien thereon in favor of the Security Agent for the Benefit of the Secured Parties (or any foreclosure thereon

in accordance with the terms thereon). The Lender as an agent to the Borrower shall maintain a register (the "**Register**") of the name and address of the person that has the rights, benefits and obligations as Lender hereunder. Any transfer of the rights, benefits and obligations as lender hereunder shall be reflected in the Register.

ARTICLE 9
GOVERNING LAW

This Agreement shall be governed by and interpreted in accordance with the laws of the State of New York.

ARTICLE 10
DISPUTE RESOLUTION

Any disputes arising out of or in connection with this Agreement shall be settled by the common courts having jurisdiction over the registered seat of the Borrower.

ARTICLE 11
COUNTERPARTS

This Agreement has been executed in English in two (2) counterparts.

[*Remainder of page intentionally left blank*]

CEDC FINANCE CORPORATION INTERNATIONAL, INC.

By: /s/ William V. Carey
Name: William V. Carey
Title: President

CEDC INTERNATIONAL SP. ZO.O.

By: /s/ William V. Carey
Name: William V. Carey
Title: President

Exhibit 10.56

FIRST AMENDMENT TO THE LOAN AGREEMENT

THIS FIRST AMENDMENT TO THE LOAN AGREEMENT (the "**Amendment**") signed on 21 December 2010 is entered into between:

CEDC FINANCE CORPORATION INTERNATIONAL, INC. a corporation incorporated under the laws of the State of Delaware, with its registered office at Corporate Trust Center, 1209 Orange Street, Wilmington, DE 19801, USA (the "**Lender**"),

and

CEDC INTERNATIONAL SP. ZO.O. (formerly known as **CAREY AGRI INTERNATIONAL-POLAND SP. ZO.O.**) a limited liability company incorporated under the laws of the Republic of Poland, with its registered seat in Warsaw, at ul. Bokserska 66A, 02-690 Warsaw, Poland, with registration number 0000051098 (the "**Borrower**").

WHEREAS:

(A) The Lender and the Borrower entered into that certain Loan Agreement dated as of 9 December 2010 (the "**Loan Agreement**") pursuant to which the Lender extended a loan in the amount of EUR 51,108,861.11 to the Borrower.

(B) The Loan Agreement is a Security Document and the Borrower is a Guarantor.

(C) Pursuant to Section 9.1(c)(1) of the Indenture, the Lender, the Guarantors, the Trustee, the Security Agent and/or the Polish Security Agent are authorized to amend or supplement the Security Documents without the consent of any holder of Notes, to cure any ambiguity, mistake, omission, defect or inconsistency.

(D) The Lender and the Borrower desire to amend and supplement the Loan Agreement pursuant to Section 9.1(c)(1) of the Indenture.

Capitalized terms used herein and not otherwise defined, shall have the meanings assigned to them in the Loan Agreement.

NOW, THEREFORE, THE PARTIES AGREED AS FOLLOWS:

Section 1. Amendments to Loan Agreement.

(a) Clause (B) of the Loan Agreement is hereby deleted in its entirety and replaced with the following:

"Pursuant to a purchase agreement dated 6 December 2010 between the Lender, the Parent, the Guarantors and Citigroup Global Markets Limited, the Lender is obliged to pay an underwriting commission amounting to 0.6% of the aggregate principal amount of

the Notes, which is EUR 300,000, and road show expenses amounting to EUR 2,250 (collectively, the "**Fees**")".

(b) Clause (C) of the Loan Agreement iis hereby deleted in its entirety and replaced with the following:

"The Lender intends to grant to the Borrower a loan in the amount of EUR 51,108,861.11 (the "**Loan**") from the proceeds obtained by the Lender from the issuance of the Notes. The Loan is equal to the price for the Notes at issue of EUR 51,312,500 less the Fees of EUR 302,250 plus accrued and unpaid interest of EUR 98,611.11 which was included in the proceeds paid to the Lender upon the issuance of the Notes.

(c) Section 2.1 of the Loan Agreement is hereby deleted in its entirety and replaced with the following:

"For the purpose of this Article 2 only "**Loan**" shall mean the price for the Notes at issue of EUR 51,312,500 divided by 1.02625, which is EUR 50,000,000."

Section 2. Effectiveness of Amendment. Upon the execution and delivery hereof, the Loan Agreement shall thereupon be deemed to be amended as hereinabove set forth as fully and with the same effect as if the amendments made hereby were originally set forth in the Loan Agreement, and this Amendment and the Loan Agreement shall henceforth respectively be read, taken and construed as one and the same instrument, but such amendments shall not operate so as to render invalid or improper any action heretofore taken under the Loan Agreement.

Section 3. General Provisions.

(a) Miscellaneous. This Amendment may be executed in one or more counterparts, all of which shall be considered one and the same agreement and shall become effective when one or more counterparts have been signed by each of the parties hereto and delivered to the other parties hereto. This Amendment may be executed by facsimile signature.

(b) Pledge and Security Agreement in Effect. Except as specifically provided for in this Amendment, the Loan Agreement shall remain unmodified and in full force and effect.

[*Remainder of this page intentionally left blank. Signature page follows*]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed and delivered as of the day and year first above written.

CEDC FINANCE CORPORATION INTERNATIONAL, INC.

By: /s/ William V. Carey
Name: William V. Carey
Title: President

CEDC INTERNATIONAL SP. ZO.O.

By: /s/ William V. Carey
Name: William V. Carey
Title: President

Exhibit 21

1. CEDC International Sp. z o.o., a limited liability company organized under the laws of Poland.
2. Fine Wines and Spirits, Sp z o.o., a limited liability company organized under the laws of Poland.
3. Polmos Bialystok S.A., a closed joint stock company formed under the laws of Poland.
4. Bols Hungary, Kft, a limited liability company organized under the laws of Hungary.
5. Classic Sp z o.o., a limited liability company organized under the laws of Poland.
6. Copecresto Enterprises Limited, a limited liability company organized under the laws of Cyprus.
7. OOO Parliament Production, a limited liability company organized under the laws of the Russian Federation.
8. OOO Parliament Distribution, a limited liability company organized under the laws of the Russian Federation.
9. Lugano Holding Limited, a limited liability company organized under the laws of Cyprus.
10. ISF GmbH, a limited liability company organized under the laws of Germany.
11. Peulla Enterprises Limited, a limited liability company organized under the laws of Cyprus.
12. WHL Holdings Limited, a limited liability company organized under the laws of Cyprus.
13. Dancraig Wine & Spirits Trading Limited, a limited liability company organized under the laws of the Isle of Man.
14. Global Wine & Spirit Holdings Limited, a limited liability company organized under the laws of Cyprus.
15. Tisifoni Wines & Spirits Limited, a limited liability company organized under the laws of Cyprus.
16. OOO Whitehall-Center, a limited liability company organized under the laws of the Russian federation.
17. OOO WH Import Company, a limited liability company organized under the laws of the Russian Federation.
18. OOO Whitehall Severo-Zapad, a limited liability company organized under the laws of the Russian Federation.
19. OOO Whitehall-Saint-Petersburg, a limited liability company organized under the laws of the Russian Federation.
20. OOO Whitehall-Siberia, a limited liability company organized under the laws of the Russian Federation.
21. OOO WH Rostov-na-Donu, a limited liability company organized under the laws of the Russian Federation.
22. Bravo Premium LLC, a limited liability company organized under the laws of the Russian Federation.
23. CEDC Finance Corporation, LLC, a limited liability company organized under the laws of the State of Delaware in the United States.

24. CEDC Finance Corporation International, Inc., a corporation organized under the laws of the State of Delaware in the United States.

25. Jelegat Holdings Limited, a limited liability company organized under the laws of Cyprus.

26. JSC "Distillery Topaz," a closed joint stock company organized under the laws of the Russian Federation.

27. JSC "Russian Alcohol Group," a closed joint stock company organized under the laws of the Russian Federation.

28. Latchey Limited, a limited liability company organized under the laws of Cyprus.

29. Limited Liability Company "The Trading House Russian Alcohol," a limited liability company organized under the laws of the Russian Federation.

30. Lion/Rally Lux 1 S.A., a closed joint stock company organized under the laws of the Netherlands.

31. Lion/Rally Lux 2 Sarl, a limited liability company organized under the laws of the Netherlands.

32. Lion/Rally Lux 3 Sarl, a limited liability company organized under the laws of the Netherlands.

33. Mid-Russian Distilleries, a corporation organized under the laws of the Russian Federation.

34. OOO "First Tula Distillery," a limited liability company organized under the laws of the Russian Federation.

35. OOO "Glavspirttirest," a limited liability company organized under the laws of the Russian Federation.

36. Pasalba Ltd., a limited liability company organized under the laws of Cyprus.

37. PWW Sp. z o.o., a limited liability company organized under the laws of Poland.

38. ZAO "Sibirskiy LVZ," a closed joint stock company organized under the laws of the Russian Federation.

Exhibit 23

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 (Nos. 333 – 146375) and Form S-3 (Nos. 333 – 129073, 333 – 138809 and 333-149487) of Central European Distribution Corporation of our report dated March 1, 2011 relating to the consolidated financial statements and the effectiveness of internal control over financial reporting, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers Sp. z o.o.
Warsaw, Poland
March 1, 2011

Exhibit 31.1

CERTIFICATIONS

I, William V. Carey, certify that:

1. I have reviewed this report on Form 10-K of Central European Distribution Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 1, 2011

By: /s/ William V. Carey
William V. Carey
President and Chief Executive Officer
(principal executive officer)

Exhibit 31.2

CERTIFICATIONS

I, Chris Biedermann, certify that:

1. I have reviewed this report on Form 10-K of Central European Distribution Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 1, 2011

By: /s/ Chris Biedermann
Chris Biedermann
Vice President and Chief Financial Officer
(principal financial officer)

Exhibit 32.1

Written Statement of Chief Executive Officer
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

The undersigned, the Chief Executive Officer of Central European Distribution Corporation (the "Company"), hereby certifies that, to his knowledge on the date hereof:

(a) the Form 10-K of the Company for the fiscal year ended December 31, 2010, filed on the date hereof with the Securities and Exchange Commission (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(b) information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 1, 2011

/s/ William V. Carey
William V. Carey
Chairman, President and Chief Executive Officer

Exhibit 32.2

Written Statement of Chief Financial Officer
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

The undersigned, the Chief Financial Officer of Central European Distribution Corporation (the "Company"), hereby certifies that, to his knowledge on the date hereof:

(a) the Form 10-K of the Company for the fiscal year ended December 31, 2010, filed on the date hereof with the Securities and Exchange Commission (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(b) information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 1, 2011

/s/ Chris Biedermann
Chris Biedermann
Vice President and Chief Financial Officer