

MERGER RATIONALE

including legal grounds and economic justification

TAURON Polska Energia Spółka Akcyjna

with its registered office in Katowice (Acquiring Company)

and

PKE Broker spółka z ograniczoną odpowiedzialnością

with its registered office in Katowice (Acquired Company)

prepared by the Management Board of

PKE Broker spółka z ograniczoną odpowiedzialnością

INTRODUCTION

This rationale justifying the merger, its legal grounds and economic justification (hereinafter referred to as "Rationale") referring to the merger of TAURON Polska Energia S.A. and PKE Broker spółka z ograniczoną odpowiedzialnością has been prepared by the Management Board of PKE Broker spółka z ograniczoną odpowiedzialnością, pursuant to Article 501 of the act Commercial Companies Code of 15 September 2000 (Journal of Laws No. 94, item 1037 as amended), hereinafter referred to as "CCC".

I. LEGAL GROUNDS FOR THE MERGER

1. Type, name and registered office of the merging Companies, method of merger

A. Type, name and registered office of the merging Companies

Acquiring Company:

Type: joint stock company
 Name: TAURON Polska Energia Spółka Akcyjna
 Registered office: Katowice
 Address: ul. Ks. Piotra Ściegiennego 3, 40-114 Katowice
 Equity: PLN 8,762,746,970.00 (paid in full)
 Entered in the Register of Entrepreneurs of the National Court Register under No. 0000271562, maintained by the District Court Katowice-Wschód in Katowice, 8th Commercial Division of the National Court Register

Acquired Company:

Type: limited liability company
 Name: PKE Broker spółka z ograniczoną odpowiedzialnością
 Registered office: Katowice
 Address: ul. Lwowska 23, 40-389 Katowice
 Equity: PLN 750,000.00 (paid in full)
 Entered in the Register of Entrepreneurs of the National Court Register under No. 0000288955, maintained by the District Court Katowice-Wschód in Katowice, 8th Commercial Division of the National Court Register

B. Method of merger

The merger will be executed by acquisition of PKE Broker Sp. z o.o. by TAURON Polska Energia S.A. in the mode defined in Article 492 § 1 item 1) of CCC, i.e. by transfer of all assets of PKE Broker Sp. z o.o. to TAURON Polska Energia S.A.

As a result of the merger, the equity of TAURON Polska Energia S.A. will not be increased, pursuant to Article 515 § 1 of CCC.

As of the day of registration of the merger of TAURON Polska Energia S.A. and PKE Broker Sp. z o.o., the Acquired Company will be deleted from the Register of Entrepreneurs of the National Court register in line with Article 493 § 1 of CCC.

C. Permits and approvals

Pursuant to Article 14 item 5 of the Act on Competition and Consumer Protection of 16 February (Journal of Laws of 2007, No. 50, item. 331 as amended) merger through acquisition of PKE Broker Sp. z o.o. by TAURON Polska Energia S.A. is not subject to notification of intention to concentrate to the President of the Polish Antitrust Office because merging companies are members of the same Capital Group.

II. MERGER RATIONALE

A. Purpose of the merger

The overall purpose of the Merger is to streamline organizational structure of TAURON Polska Energia S.A. Capital Group (hereinafter referred to also as "TAURON Group") in line with the provisions of "Corporate Strategy for the TAURON Group for 2011-2015, with estimates up to the year 2020".

Having stopped running insurance-related activities, PKE Broker Sp. z o.o. deals exclusively with leasing and rental-related operations. Thanks to the merger, we can expect financial streamlining in terms of subordinated debt – leasing will be moved to TAURON Polska Energia S.A.

A. Advantages arising from the Merger

The following advantage are expected as a result of the Merger:

1. Simplified structure and increased transparency of the TAURON Group.
2. Increased efficiency of operations of the TAURON Group, including shorter decision taking processes and elimination of redundant elements in organizational hierarchy.
3. Reduced costs of operation of the TAURON Group.
4. Financial savings in administrative and organizational divisions, resulting from reduced number of corporate and controlling bodies in the TAURON Group.
5. Integration-related synergies, simplified and improved business processes achieved through, among others, elimination of overlapping processes.
6. Improved efficiency through reduction of overlapping costs within the merged Companies, in particular administrative and organizational costs.

To sum it up, it can be said that the merger is yet another stage of the pursued strategy which assumes consolidation of TAURON Group companies and it will lead to simplification of organizational structure and elimination of redundant processes. As a result, the merger will increase transparency of the Group to investors. Thanks to the merger the supervisory and management structures will be simplified, which will improve the management of the Group.

The merger of companies will result in financial savings in the areas of administration and organization, through reduction in the number of management and controlling bodies within the Group. One-off costs connected with the execution of the merger of the companies are immaterial and refer mainly to informing the business partners and state authorities about the changes, and legal charges connected with the merger. Due to the type of operations run by PKE Broker Sp. z o.o. the merger will not require material expenditures for integration of the merged Companies.

As a result of the Merger the operations of the Acquired Company will be incorporated in the structures of TAURON Polska Energia S.A.

III. RECOMMENDATION OF THE MANAGEMENT BOARD OF PKE Broker Sp. z o.o.

Economic and organizational rationale for the merging Companies indicate that the merger through acquisition of PKE Broker Sp. z o.o. by TAURON Polska Energia S.A. is justified. The merger is justified from strategic, operational, cost-related and business points of view.

Considering the above, the Management Board of PKE Broker Sp. z o.o. recommends the merger of PKE Broker Sp. z o.o. and TAURON Polska Energia S.A. to shareholder of PKE Broker Sp. z o.o., by adopting a relevant resolution on the merger of the above mentioned Companies.

This rationale has been adopted and signed by the Management Board of PKE Broker Sp. z o.o. on 2013.

Management Board of PKE Broker Sp. z o.o.

