

# **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

**TAURON Polska Energia  
Spółka Akcyjna**

## 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 TAURON Polska Energia S.A., 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, 8<sup>th</sup> 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, 8<sup>th</sup> 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. pursuant to the centralized funding model, which will eliminate subordinated debt and improve debt ratios in agreements with EIB) and cost optimization (reduction of administration as well as management-supervisory costs).

### **B. Advantages arising from the Merger**

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

1. Elimination of subordinated debt, improved debt ratios.
2. Simplified structure and increased transparency of the TAURON Group.
3. Increased efficiency of operations of the TAURON Group, including shorter decision taking processes and elimination of redundant elements in organizational hierarchy.
4. Reduced costs of operation of the TAURON Group.
5. Financial savings in administrative and organizational divisions, resulting from reduced number of corporate and controlling bodies in the TAURON Group.

6. Integration-related synergies, simplified and improved business processes achieved through, among others, elimination of overlapping processes.
7. 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 TAURON POLSKA ENERGIA S.A.**

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 TAURON Polska Energia S.A. recommends the merger of TAURON Polska Energia S.A. and PKE Broker Sp. z o.o. to shareholders of TAURON Polska Energia S.A. 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 TAURON Polska Energia S.A. on 25 June 2013.

Management Board of TAURON Polska Energia S.A.

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