

Current report 5/2010

Subject: Decision on the merger of the Issuer with its subsidiary company

Pursuant to § 5, Clause 1, Sub-clause 13, in relation to § 19, Clause 1 of Decree of Minister of Finances of February 19, 2009 on current and periodic information submitted by the issuers of securities, and on conditions of consideration as equal the information required by law of the states outside the EU (Dz. U. No. 33 of 2009, Item 259, as amended) the Board of KOGENERACJA S.A. informs that on 6th April, it adopted a resolution concerning the start of a simplified procedure of the merger of the following companies: KOGENERACJA S.A. and Z.C. Term Hydral Sp. z o.o.

1. Merging companies

KOGENERACJA S.A. (acquiring company) – is a power industry company doing business in the production of heat and electric power, and transmission and distribution of heat.

Z.C. Term Hydral Sp. z o.o. (company that is acquired) – is a subsidiary company of KOGENERACJA S.A. in which KOGENERACJA S.A. holds (as of 1st December, 2009) 100% share in its initial capital; it is in the business of production and sale of thermal power for the needs of municipal and industrial recipients, and in distribution of electric power.

2. Manner of the merger, legal basis

The merger will take place pursuant to Art. 492 § 1, Clause 1, in relation to Art. 515 § 1 and Art. 516 § 6 of the Code of Commercial Companies in the way of the transfer of the entire assets of the acquired company (Z.C. Term Hydral Sp. z o.o.) to the acquiring company, i.e. by acquisition.

Because the company that is acquired is a one-man subsidiary company of the acquiring company, the merger will take place without increasing the initial capital or issuance of shares in exchange for the shares of the company that is acquired.

3. Business justification of the merger and long-term aims

The decision on the intent to merge was taken in order to achieve the effect of synergy in the fields of:

- development of the market of sales of heat and electric power within the district of Psie Pole in Wrocław,
- lowering of the business costs,
- increase of potential and possibilities of the Issuer in regard to modernisation and development of the power lines and thermal network.

The Issuer informs that the long-term aims of the merger will be strengthening of the competitive position of the Issuer on the local market, and increase of the development potential in the area of Psie Pole and access to new customers.

Legal basis: Art. 56, Clause 1, Sub-clause 2 of the Act on offers – current information