

Current report 10/2010

Subject: The opinion of the Management Board concerning the merger of KOGENERACJA S.A. with ZC "TERM-HYDRAL" Sp. z o.o.

In connection with the Merger Plan adopted on 6 April 2010 (Current Report 6/2010) and the First notification to Shareholders about the intention of merger published on 20 April 2010 (Current Report 10/2010), pursuant to the Resolution of the Management Board no. 34 adopted on 26 April 2010, the Management Board of KOGENERACJA S.A. presents its opinion with justification regarding the expected merger of the companies: KOGENERACJA S.A. (the acquiring Company) and ZC "TERM-HYDRAL" Sp. z o.o. (the acquired Company).

"The Company Management Board hereby decides to give recommendation to the General Meeting concerning the adoption of a resolution regarding the merger of KOGENERACJA S.A. and ZC "TERM-HYDRAL" Sp. z o.o.

The merger shall be executed based on article 492, § 1, section 1 in connection with article 515, § 1 and Article 516, § 6 of the Code of Commercial Companies via transferring all assets of the acquired Company ZC "TERM-HYDRAL" Sp. z o.o. to the acquiring Company, i.e. via acquisition.

Since the acquired Company is a single-member company of the acquiring Company, the merger shall not involve increasing the share capital and issuing stocks in exchange for shares of the acquired Company.

The main objective of the expected merger is the significant strengthening of the potential of the merging entities and creating new development perspectives for KOGENERACJA S.A.

The merger of KOGENERACJA S.A. with ZC "TERM-HYDRAL" Sp. z o.o. shall allow for using the effect of synergy and the economies of scale and shall enable to:

- develop the market regarding the sales of heat and electric power within the region of Psie Pole in Wrocław,
- decrease the operating costs,
- increase the potential and capacities of the acquiring Company within the scope of modernisation and development of electric and power networks as well as district heating networks.

The goal of the expected merger shall be also the simplification of the KOGENERACJA S.A. Capital Group structure which, pursuant to its strategy, aims at market concentration. This shall allow for the following organisational changes:

simplification of the organisational structure, optimisation of commercial function, reduction of costs connected with the operations of the capital group: decreasing the logistics and repairs costs as well as the costs of financial and accounting services including also the level of consolidating financial statements.

The purpose of the merger shall also fall under the categories resulting from experiences of the merging Companies within the scope of higher OHS standards and the Group management culture.

The long-term objective of the undertaken actions shall be strengthening the competitive position of KOGENERACJA S.A. on the local market, increasing the potential of development within the region of Psie Pole and access to new customers.”

Legal basis: § 5, section 1, item 13 in connection with § 19, section 3 of the Ordinance of the Minister of Finance of 19 February 2009 on current and periodic information published by issuers of securities and the conditions for regarding information required by the law of a nonmember states as equivalent (Journal of Laws No. 33 of 2009 item 259 as amended).

Article 56, section 1, item 2 of the Public Offer Act - current information.