
MERGER PLAN
of
PGE Polska Grupa Energetyczna S.A.
and
PGE Electra S.A.

1. INTRODUCTION

This merger plan ("**Merger Plan**") has been developed and agreed pursuant to art. 498 and art. 499 of the Act dated 15 September 2000 - the Commercial Companies Code (Journal of Laws of 2000, No. 94, item 1037, as subsequently amended) ("**CCC**"), between:

- (1) PGE Polska Grupa Energetyczna S.A. (joint stock company) with its registered office in Warsaw, hereinafter referred to as the "**Acquiring Company**"

and

- (2) PGE Electra S.A. (joint stock company) with its registered office in Warsaw, hereinafter referred to as the "**Acquired Company**"

The Companies named above are hereinafter jointly referred to as the "**Companies**" and individually referred to as the "**Company**".

2. FORM, NAME AND REGISTERED OFFICE OF MERGING COMPANIES

2.1 *Acquiring Company*

PGE Polska Grupa Energetyczna S.A. with its registered office in Warsaw, 00-496, at ul. Mysia 2, entered to the Register of Entrepreneurs held by the District Court for the Capital City of Warsaw, the 12th Commercial Division of the National Court Register under no. KRS 0000059307, with the share capital paid up in full in the amount of PLN 18,697,837,270, tax identification (NIP) no. 526-025-05-41, statistical (REGON) no. 006227638, ("**Acquiring Company**").

2.2 *Acquired Company*

- (1) PGE Electra S.A. with its registered office in Warsaw, 00-496, at ul. Mysia 2, entered to the Register of Entrepreneurs held by the District Court for the Capital City of Warsaw, the 12th Commercial Division of the National Court Register under no. KRS 0000139517, with the share capital paid up in full in the amount of PLN 70,000,000, tax identification (NIP) no. 526-21-78-173, statistical (REGON) no. 013038774, ("**Acquired Company**")

3. MERGER METHOD

3.1 *Legal basis of merger*

The Companies shall merge in the manner prescribed in art. 492 § 1 item 1 of the CCC, art. 515 § 1 of the CCC, art. 516 § 6 of the CCC, i.e. by way of transferring the entire assets of the Acquired Company onto the Acquiring Company, without increasing the share capital of the Acquiring Company and without issue of new shares of the Acquiring Company in exchange for the shares of the Acquired Company, ("**Merger**").

The Acquired Company is a sole shareholder company wholly owned by the Acquiring Company, therefore it is possible to apply the merger method defined in art. 516 of the CCC.

Pursuant to art. 516 § 6 of the CCC, the information referred to in art. 499 § 1 p. 2-4, are omitted in the Merger Plan.

As a result of the Merger, the Acquired Company shall be dissolved without going into liquidation.

3.2 *Resolutions of General Meetings of the Companies*

As per art. 506 § 1 and § 4 of the CCC, the Merger is conducted pursuant to resolutions of the General Meetings of the Companies, including:

- (i) consent to the Merger Plan, and
- (ii) consent to proposed amendments to the Statutes of the Acquiring Company, related to the Merger.

Draft resolutions referred to above constitute Appendix 1 to the Merger Plan and draft changes to the Statutes of the Acquiring Company constitute Appendix 2 to the Merger Plan.

3.3 *Increase of the share capital of the Acquiring Company*

In relation to the Merger, the share capital of the Acquiring Company shall not be increased considering the fact that the Acquiring Company, as a sole shareholder of the Acquired Company, cannot take up own shares in exchange for the shares, which the Acquiring Company holds in the Acquired Company.

4. RIGHTS GRANTED BY THE ACQUIRING COMPANY TO THE SHAREHOLDERS OF THE ACQUIRED COMPANY OR OTHER PERSONS WITH PRIVILEGED POSITION IN THE ACQUIRED COMPANY

No special rights, that are referred to in art. 499 §1 p. 5 of the CCC, are planned to be granted.

5. SPECIAL BENEFITS FOR MEMBERS OF AUTHORITIES OF MERGING COMPANIES AND OTHER PARTICIPANTS OF MERGER

There are no special benefits planned to be offered in relation to the Merger to members of authorities of merging companies or other participants of the Merger.

6. APPROVAL OF THE MERGER PLAN

In accordance with art. 498 of the CCC, the Merger Plan has been approved by way of resolutions of Management Boards of the Companies, dated 20 October 2010, and signed by the Companies on 20 October 2010.

APPENDICES TO THE MERGER PLAN

In line with art. 499 § 2 of the CCC, the following documents constitute appendices to this Merger Plan:

- (i) **Appendix 1:** draft resolutions of the merging Companies on Merger
- (ii) **Appendix 2:** draft amendments to the Statutes of the Acquiring Company
- (iii) **Appendix 3:** calculation of the value of assets of the Acquired Company, drawn up as at 1 September 2010
- (iv) **Appendix 4:** statements with information on the accounting status of the merging Companies, drawn up as at 1 September 2010