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Azoty Tarnów and ZA „Puławy” Signed the Consolidation Agreement

The Management Boards of Zakłady Azotowe w Tarnowie-Mościcach S.A. and Zakłady Azotowe „Puławy” S.A. signed the Consolidation Agreement.

The Management Boards of Zakłady Azotowe w Tarnowie-Mościcach S.A. and Zakłady Azotowe „Puławy” S.A. inform that on 14th November 2012 the companies signed the Consolidation Agreement aimed at defining the principles of the cooperation between Azoty Tarnów and ZA „Puławy”. The Consolidation Agreement regulates the issues specified in the agreement of 20th September 2012 and simultaneously replaces its resolutions.

The Consolidation Agreement expects the consolidation implementation of Azoty Tarnów and ZA Puławy S.A. in the framework of one capital group divided into two stages. In the first stage, which will take place after the registration of the increase in capital of Azoty Tarnów made through the issue of the Series D Shares addressed to the shareholders of ZA Puławy and ZA Puławy shares' acquisition by Azoty Tarnów, the capital group will aim, among others, at maximizing the cost synergies in the area of raw materials and utilities' purchase in particular, achieving the synergy effects through extending the production capacities and creating the complete and flexible productivity portfolio in the area of fertilizers. The aim is to achieve the accumulated effects of Azoty Tarnów and ZA „Puławy” experience. It will be also focused on achieving the increase in the scale effect and the optimization of logistic and transportation functions as well as ensuring the growth rate of consolidated capital group.

The Consolidation will be coordinated by the Committee, jointly appointed for this aim, including the equal number of the contracting parties' representatives. The task of the Committee, apart from the general control over the implementation of the Consolidation Agreement is to ensure the current cooperation and prepare, after the registration of the increase in capital, the detailed consolidation plan. While elaborating the plan it was assumed that the structure optimization, the management and organization model of the capital group will be carried out in a way to make the productive formation of the capital group possible by the greatest use of synergy effect. The functioning model of the capital group includes the segmentation of the capital group's business areas in the management centers in a way to reflect experience, knowledge, the technological progress and the position on the market of both companies in relation to the particular areas. Simultaneously, it is aimed at the optimization of the ownership structure inside the capital group. The parties agreed that the consolidation will take place respecting the principles and duties defined in the social contracts as well as in the intra-company collective agreements. The Management Boards of the parties emphasized the need of continuous cooperation for the purpose and the benefit of the social dialogue conduct. At the same time the Management Board of Azoty Tarnów, in the framework of its corporate competences, obliged itself to support the indicated investment projects' implementation by ZA „Puławy”. What is more, the parties specified the mutual tasks and principles within the range of informational duties, the intellectual property and the personal data protection.

In accordance with the Consolidation Agreement the Management Boards of both companies, in the framework of its corporate competences, will advise the proper Supervisory Boards to include, within the time-limit of the registration of the increase in capital, in the Management Board of each company with 4 to 6 people, the same number of the representatives from both companies. The parties also decided about the principles concerning the usage of the trade name "Grupa Azoty" and adding the words "Grupa Azoty" to some businesses of some companies being the part of the capital group. The Consolidation Act, as a rule, comes into force on the day of the registration of the increase in capital.