Opinion
of the Management Board of Zakłady Azotowe w Tarnowie-Mościcach S.A.
dated 11 September 2012
providing justification for the exclusion of pre-emptive rights to shares issued within authorised share capital and means of determining the issue price

1. Subject and purpose of the opinion

Pursuant to § 10, sec. 3 and subsequent of the articles of association of Zakłady Azotowe w Tarnowie-Mościcach S.A. (the "**Company**") (the "**Articles of Association**"), the Company's Management Board has been authorised to increase the Company's issued share capital within authorised share capital through the issuance of new shares in order to offer shares in the Company, with exclusion of pre-emptive rights, to the shareholders of Zakłady Azotowe "Puławy" S.A., having its registered office in Puławy, entered into the register of companies of the National Court Register under number KRS 0000011737 ("**ZA Puławy**"). Pursuant to § 10, sec. 5 of the Articles of Association, the Management Board has also been authorised to waive the pre-emptive rights held by the Company's current shareholders to the shares issued within authorised share capital. The Management Board intends to adopt a resolution on increase of issued share capital within authorised share capital on the conditions specified above through the issuance of not more than 42 867 293 series D ordinary bearer shares (the "**Series D Shares**") with a nominal value of PLN 5.00 each and on exclusion of existing shareholders' pre-emptive rights. In connection with the above, in fulfilling the requirement resulting from art. 433, § 2 in connection with art. 447 of the Act of 15 September 2000, the Polish Commercial Companies Code (the "**Polish Commercial Companies Code**"), the Management Board has drawn up this opinion providing justification for the exclusion of pre-emptive rights to shares issued within authorised share capital and means of determining the issue price.

2. Transaction to acquire ZA Puławy shares

The issuance of Series D Shares constitutes an element of the transaction to acquire ZA Puławy shares. As a result of the tender offer to purchase ZA Puławy shares announced on 13 July 2012, the Company acquired 1 968 083 ZA Puławy shares, representing a total of 10.3% of the share capital and the same share of votes at the general meeting of ZA Puławy. In the transaction's second element the Management Board intends to offer Series D Shares to existing ZA Puławy shareholders in exchange for an in-kind contribution in the form of ZA Puławy shares. The issuance of Series D Shares will take place via an open subscription through a public offering addressed exclusively to ZA Puławy shareholders (the "**In-Kind Offering**"). Series D Shares will be paid for with non-cash contributions in the form of ZA Puławy shares held by ZA Puławy shareholders. The offering of New Issue Shares to ZA Puławy shareholders is intended to increase the Company's share in ZA Puławy's share capital to 100%. The In-Kind Offering of New Issue Shares planned for exchange for a non-cash contribution in the form of ZA Puławy shares will allow the Company to execute the transaction to acquire ZA Puławy shares without having to employ significant funds and without increasing the Company's debt.

Taking the above into consideration, the Management Board believes that the exclusion of pre-emptive rights held by the Company's existing shareholders in connection with the issuance of Series D Shares is in the Company's interest and is aligned with its strategy and growth plans. Given the in-kind nature of the offering, the exclusion of pre-emptive rights to the shares offered to ZA Puławy shareholders is a necessary element of the planned transaction.

3. Means of determining the issue price and exchange ratio for Series D Shares

The issue price for Series D Shares will be determined with consideration given to: the value of the Company and ZA Puławy, the exchange ratio resulting from the relation between these two values (i.e. the number of the Company's shares acquired in exchange for an in-kind contribution in the form of one ZA Puławy share), the specific nature of in-kind offerings, and financial market conditions. Pursuant to § 10, sec. 4 of the Articles of Association, the exchange ratio under the In-Kind Offering is 2.5, meaning that one ZA Puławy share will constitute a non-cash contribution for 2.5 Series D Shares. As a consequence, given the fact that the Company holds 1 968 083 ZA Puławy shares, the In-Kind Offering addressed to the existing shareholders will cover no more than 42 867 293 Series D Shares, and the Company will acquire no more than 17 146 917 ZA Puławy

shares in exchange for the in-kind contribution for Series D Shares. The Management Board will specify the detailed conditions for the In-Kind Offering through a resolution on the increase of issued share capital with exclusion of pre-emptive rights within authorised share capital and in the prospectus or offering memorandum drawn up in connection with the issuance of Series D Shares.

The resolution of the Management Board on: (i) the increase of issued share capital within authorised share capital, (ii) establishment of the issue price for Series D Shares, and (iii) the exclusion of pre-emptive rights, will require Supervisory Board approval.

4. Economic justification for the transaction

The transaction constitutes a significant element of the Company strategy adopted by the Management Board and announced on 13 June 2012 through current report no. 33/2012, pursuant to which the Company's goals include: increasing the scale of its key operations through organic growth as well as alliances and mergers and acquisitions.

The Company's strategic goal is to develop the largest Polish group operating in the fertiliser and chemicals sectors, to establish a leading competitive position among entities operating in the nitrogen fertiliser segment in Europe and to create a platform for the consolidation of Poland's chemicals sector. The planned transaction will enable the Company and ZA Puławy to attain strategically aligned objectives, increase value and benefit from synergies and other advantages gained through co-operation, including:

- a reduction in market volatility through product diversification;
- development of production capacities for urea, ammonium nitrate and UAN (urea-ammonium nitrate solution);
- development of a comprehensive and flexible fertiliser product portfolio;
- integration of fertiliser sales networks;
- optimisation of the production and consumption of ammonia and nitric acid;
- optimisation of urea production and consumption patterns;
- integration of management processes;
- service integration;
- exchange of know-how in fertilisers and caprolactam / polyamides;
- reduction in sales and production costs;
- improvement in buying power and economies of scale as regards supplier negotiations;
- optimisation of logistics;
- expansion of capability for introducing new technology solutions;
- increase in the operational scale of the chemicals segment and expansion of the nitrogen product portfolio in commodity chemicals, specifically in the melamine and caprolactam segments;
- image enhancement for both brands, specifically in Poland and other EU member states by merging the strong local, regional and international distribution channels of the Company and ZA Puławy;
- cross-entry into new markets through leveraging the client networks developed by both companies.

Achievement of the above objectives will be possible thanks to the Company's experience in its operating areas. The strategic and business benefits stemming from consolidation of the Company and ZA Puławy will have a positive impact on value creation as regards the newly-expanded group through growing net earnings per share at both companies and enhancing the profile of Group shares due to increased liquidity and potential inclusion in the Warsaw Stock Exchange's WIG20 index.

5. Conclusion

Given the above, the Management Board considers that the exclusion of pre-emptive rights within authorised share capital is justified and is in the Company's interest.

For the Management Board,

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