

Polskie Koleje Państwowe S.A.  
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Warsaw, 18 June 2019

KOP03.900.68.2019/13  
UNP: 2019-0274017

**Company's Management Board**  
**PKP CARGO S.A.**  
ul. Grójecka 17  
02-021 Warsaw

SUBMISSION OF DRAFT RESOLUTIONS ON MATTERS INCLUDED IN THE AGENDA OF  
THE ORDINARY SHAREHOLDER MEETING OF PKP CARGO S.A. WITH ITS  
REGISTERED OFFICE IN WARSAW CONVENED FOR  
26 JUNE 2019

In connection with the publication, on 31 May 2019, of Current Report No. 24/2019 by PKP CARGO S.A. with its registered office in Warsaw (KRS: 0000027702, hereinafter referred to as the "**Company**") on convening the Company's Ordinary Shareholder Meeting for 26 June 2019 (hereinafter referred to as the "**Shareholder Meeting**"), in reference to letter no. KOP03.900.68.2019/1, UNP 2019-0242037, of 29 May 2019, acting in our capacity as authorized representatives of Polskie Koleje Państwowe S.A. with its registered office in Warsaw, Al. Jerozolimskie 142A (02-305 Warsaw), entered in the Register of Commercial Undertakings of the National Court Register kept by the District Court for the Capital City of Warsaw in Warsaw, 12th Commercial Division of the National Court Register, under file no. 0000019193, REGON 000126801, NIP 5250000251, with the share capital of PLN 10,150,715,600.00, paid up in full, a shareholder of the Company, holding directly, as at the date of this submission, 14,784,194 ordinary bearer shares in the Company carrying the right to 14,784,194 votes at the Company's Shareholder Meeting, representing 33.01% of the Company's share capital and 33.01% of the total number of votes in the Company,

we hereby, pursuant to Article 401 § 4 of the Commercial Company Code, submit the following six draft resolutions to amend the Company's Articles of Association, specifically § 12 sec. 2 and 3 and § 25 sec. 3 items 13 and 13a-13d; § 12 sec. 4 and 5; § 17 sec. 2 and § 25 sec. 3 item 22; § 25 sec. 3 item 19a; § 19 sec. 12; § 19 sec. 12a, to be considered under item 17 of the agenda of the Shareholder Meeting, previously submitted as four separate resolutions to amend § 12, § 17, § 19 and § 25 of the Company's Articles of Association:

**“Resolution No. ...  
adopted by the Shareholder Meeting  
of PKP CARGO S.A. on ..... 2019**

**to amend § 12 sec. 2 and 3 and § 25 sec. 3 item 13 and insert in § 25 sec. 3 items 13a-13d of the Company’s Articles of Association**

Pursuant to Article 430 § 1 of the Commercial Company Code in conjunction with § 12 sec. 1 of the PKP CARGO S.A. Articles of Association, the Shareholder Meeting of PKP CARGO S.A. hereby resolves as follows:

§1

In § 12 sec. 2 of the PKP CARGO S.A. Articles of Association, items 5-7 are deleted, reading as follows:

- “5) giving consent to the disposal of non-current assets within the meaning of the Accounting Act, included in intangible assets, property, plant and equipment or long-term investments, including a contribution made to a company or cooperative, if the market value of such assets exceeds 5% of total assets within the meaning of the Accounting Act, determined on the basis of the most recent approved financial statements, and delivery of such assets for use to another entity, for a period longer than 180 days in the calendar year, on the basis of a legal transaction, if the market value of the subject matter of the legal transaction exceeds 5% of total assets, with delivery for use in the case of:
- a) lease, rental and other agreements on delivery of an asset for paid-for use to other entities – the market value of the subject matter of the legal transaction is understood as the value of the considerations for:
    - the year - if the delivery of the asset took place on the basis of agreements concluded for an unspecified term,
    - the entire term of the agreement – in the case of agreements concluded for a definite term,
  - b) lend for use and other agreements on delivery of an asset for paid-for use to other entities – the market value of the subject matter of the legal transaction is understood as the equivalent of the considerations that would apply in the event of conclusion of a rental or lease agreement, for:
    - the year - if the delivery of the asset takes place on the basis of an agreement concluded for an unspecified term,
    - the entire term of the agreement – in the case of agreements concluded for a definite term;
- 6) giving consent to the acquisition of non-current assets within the meaning of the Accounting Act, with a value exceeding:
- a) PLN 100,000,000, or
  - b) 5% of total assets within the meaning of the Accounting Act, determined on the basis of the most recent approved financial statements;
- 7) giving consent to the subscription for or acquisition or disposal of ownership interests or shares in another company with a value exceeding:

- a) PLN 100,000,000, or
- b) 10% of total assets within the meaning of the Accounting Act, determined on the basis of the most recent approved financial statements;”

## §2

In § 12 sec. 2 of the PKP CARGO S.A. Articles of Association, item 8 will become item 5.

## §3

In § 12 of the PKP CARGO S.A. Articles of Association, sec. 3 is deleted, reading as follows:

“3. Purchase and sale of real estate, perpetual usufruct or interests in real estate does not require a Shareholder Meeting resolution, subject to the provisions of sec. 2 items 5 and 6 above.

## §4

In § 25, sec. 3 item 13 of the PKP CARGO S.A. Articles of Association with the current wording:

“13) giving consent:

- a) for the Company to purchase or sell or encumber with limited right in rem a real property, a perpetual usufruct right or interest in real property or a perpetual usufruct right;
- b) for subscription to, acquisition or sale of shares in another company, except for the subscription to shares in the increased share capital of the Company's subsidiaries;
- c) for the Company to purchase or sell a license or a copyright;
- d) for the Company to incur liabilities and dispose of its rights;
- e) for the Company to buy and sell fixed assets:

- with the market value of PLN 20,000,000 (twenty million Polish zloty) or more, provided that, where agreements are concluded for a limited term, it is assumed that the value of the Company's performance is as agreed in the agreement or anticipated in the period of five years, except when the agreements are executed within the scope of the company's line of business specified in § 5 sec. 1 item 1 of the Articles of Association, including transportation agreements, freight forwarding agreements and agreements on the provision of comprehensive traction and maneuvering services, subject to the provisions of §12;”

will now read as follows:

“13) giving consent:

- a) for the Company to purchase or sell or encumber with limited right in rem a real property, a perpetual usufruct right or interest in real property or a perpetual usufruct right;
- b) for subscription to, acquisition or sale of shares in another company, except for the subscription to shares in the increased share capital of the Company's subsidiaries;

- c) for the Company to purchase or sell a license or a copyright;
- d) for the Company to incur liabilities and dispose of its rights;
- e) for the Company to buy and sell fixed assets:

- with the market value of PLN 20,000,000 (twenty million Polish zloty) or more, provided that, where agreements are concluded for a limited term, it is assumed that the value of the Company's performance is as agreed in the agreement or anticipated in the period of five years, except when the agreements are executed within the scope of the Company's line of business specified in § 5 sec. 1 item 1 of the Articles of Association, including transportation agreements, freight forwarding agreements and agreements on the provision of comprehensive traction and maneuvering services, subject to other provisions of § 25 sec. 3 items 13a, 13b, 13c, 13d and § 12 sec. 4 and 5;"

## §5

In § 25 sec. 3 of the PKP CARGO S.A. Articles of Association, after item 13, items 13a, 13b, 13c and 13d are inserted, reading as follows:

- "13a) giving consent to the disposal of non-current assets within the meaning of the Accounting Act, included in intangible assets, property, plant and equipment or long-term investments, including a contribution made to a company or cooperative, if the market value of such assets exceeds 5% of total assets within the meaning of the Accounting Act, determined on the basis of the most recent approved financial statements, and delivery of such assets for use to another entity, for a period longer than 180 days in the calendar year, on the basis of a legal transaction, if the market value of the subject matter of the legal transaction exceeds 5% of total assets, with delivery for use in the case of:
- a) lease, rental and other agreements on delivery of an asset for paid-for use to other entities – the market value of the subject matter of the legal transaction is understood as the value of the considerations for:
    - the year - if the delivery of the asset took place on the basis of agreements concluded for an unspecified term,
    - the entire term of the agreement – in the case of agreements concluded for a definite term,
  - b) lend for use and other agreements on delivery of an asset for paid-for use to other entities – the market value of the subject matter of the legal transaction is understood as the equivalent of the considerations that would apply in the event of conclusion of a rental or lease agreement, for:
    - the year - if the delivery of the asset takes place on the basis of an agreement concluded for an unspecified term,
    - the entire term of the agreement – in the case of agreements concluded for a definite term;
- 13b) giving consent to the acquisition of non-current assets within the meaning of the Accounting Act, with a value exceeding:

- a) PLN 100,000,000, or
  - b) 5% of total assets within the meaning of the Accounting Act, determined on the basis of the most recent approved financial statements;
- 13c) giving consent to the subscription for or acquisition of ownership interests or shares in another company with a value exceeding:
- a) PLN 100,000,000, or
  - b) 10% of total assets within the meaning of the Accounting Act, determined on the basis of the most recent approved financial statements;”
- 13d) giving consent to the disposal of ownership interests or shares in another company with a market value exceeding:
- a) PLN 100,000,000, or
  - b) 10% of total assets within the meaning of the Accounting Act, determined on the basis of the most recent approved financial statements.”

## §6

This Resolution shall come into force on the date of its adoption.”

**“Resolution No. ...  
adopted by the Shareholder Meeting  
of PKP CARGO S.A. on ..... 2019**

**to amend § 12 sec. 4 and 5 of the Company’s Articles of Association**

Pursuant to Article 430 § 1 of the Commercial Company Code in conjunction with § 12 sec. 1 of the PKP CARGO S.A. Articles of Association, the Shareholder Meeting of PKP CARGO S.A. hereby resolves as follows:

## §1

In § 12, sec. 4-5 of the PKP CARGO S.A. Articles of Association with the current wording:

- “4. Non-current assets with a value exceeding 0.1% of total assets within the meaning of the Accounting Act, determined on the basis of the most recent approved financial statements, shall be sold by the Company in a tender procedure.
- 5. The requirement to sell non-current assets in a tender procedure referred to in sec. 4 shall not apply to:
  - 1) making contributions to cover subscribed shares in another company,
  - 2) demerging or merging of the Company,
  - 3) disposal of ownership interests or shares in another company.”

will now read as follows:

- “4. Non-current assets with a market value exceeding 0.1% of total assets within the meaning of the Accounting Act, determined on the basis of the most recent approved financial statements, shall be sold by the Company in a tender or auction procedure.
- 5. The requirement to sell non-current assets in a tender or auction procedure referred to

in sec. 4 shall not apply to:

- 1) making contributions to cover subscribed shares in another company,
- 2) demerging or merging of the Company,
- 3) disposal of ownership interests or shares in another company.”

§2

This Resolution shall come into force on the date of its adoption.”

**“Resolution No. ...  
adopted by the Shareholder Meeting  
of PKP CARGO S.A. on ..... 2019**

**to amend § 17 sec. 2 and § 25 sec. 3 item 22 of the Company’s Articles of Association**

Pursuant to Article 430 § 1 of the Commercial Company Code in conjunction with § 12 sec. 1 of the PKP CARGO S.A. Articles of Association, the Shareholder Meeting of PKP CARGO S.A. hereby resolves as follows:

§1

§ 17 sec. 2 of the PKP CARGO S.A. Articles of Association with the current wording:

“2. The Management Board shall be obligated to submit to the Shareholder Meeting, at least once a year and accompanied by an opinion issued by the Supervisory Board, a report on representation expenditures and expenditures on legal services, marketing services, public relations and social communication services and management consulting services.”  
will now read as follows:

“2. The Management Board shall be obligated to submit to the Supervisory Board at least once a year a report on representation expenditures and expenditures on legal services, marketing services, public relations services, social communication services and management consulting services as well as a report on the application of good practices referred to in Article 7 Section 3 of the Act on the Rules for Managing State Property to the extent that they apply to the Company along with a report of the governing body on the Company’s activity in the previous financial year.”

§2

In § 25 sec. 3 of the PKP CARGO S.A. Articles of Association, item 22 is deleted, reading as follows:

“22) issuing an opinion on the report on representation expenditures and expenditures on legal services, marketing services, public relations and social communication services and management consulting services submitted to the Shareholder Meeting.”

§3

This Resolution shall come into force on the date of its adoption.”

**“Resolution No. ...  
adopted by the Shareholder Meeting  
of PKP CARGO S.A. on ..... 2019**

**to amend § 25 sec. 3 item 19a of the Company’s Articles of Association**

Pursuant to Article 430 § 1 of the Commercial Company Code in conjunction with § 12 sec. 1 of the PKP CARGO S.A. Articles of Association, the Shareholder Meeting of PKP CARGO S.A. hereby resolves as follows:

§1

In § 25 sec. 3, item 19a of the PKP CARGO S.A. Articles of Association with the current wording:

“19a) giving consent to execute:

- a) agreements on legal services, marketing services, public relations and social communication services and management consulting services if the total net fee to be paid for such services is greater than PLN 500,000 annually;
- b) amendments to agreements on legal services, marketing services, public relations and social communication services and management consulting services increasing the fee above the amount referred to in item (a);

agreements on legal services, marketing services, public relations and social communication services and management consulting services in which the maximum fee is not defined;”

will now read as follows:

“19a) giving consent to execute:

- a) agreements on legal services, marketing services, public relations and social communication services and management consulting services if the total net fee to be paid for such services under such agreement or other agreements executed with the same entity is greater than PLN 500,000 annually;
- b) amendments to agreements on legal services, marketing services, public relations and social communication services and management consulting services increasing the fee above the amount referred to in item (a);
- c) agreements on legal services, marketing services, public relations and social communication services and management consulting services in which the maximum fee is not defined;”

§2

This Resolution shall come into force on the date of its adoption.”

**“Resolution No. ...  
adopted by the Shareholder Meeting  
of PKP CARGO S.A. on ..... 2019**

**to amend § 19 sec. 12 of the Company’s Articles of Association**

Pursuant to Article 430 § 1 of the Commercial Company Code in conjunction with § 12 sec. 1 of the PKP CARGO S.A. Articles of Association, the Shareholder Meeting of PKP CARGO S.A. hereby resolves as follows:

§1

In § 19, sec. 12 of the PKP CARGO S.A. Articles of Association with the following wording:

“12. A Management Board member, commercial proxy, liquidator, branch manager, plant manager or the chief accountant, a legal counsel or attorney employed by the company or a person directly reporting to a Management Board member or to a liquidator may not simultaneously be a Supervisory Board member. The rule laid down in the first sentence shall apply accordingly to management board members and liquidators of a subsidiary company or cooperative. A Supervisory Board member may be a person who satisfies the requirements specified in Article 19 Sections 1-5 of the Act on the Rules for Managing State Property, however the requirements referred to in this sentence shall not apply to Supervisory Board members representing employees in their term of office directly following the term of office specified in § 27 sec. 5 sentence 2, discharging their functions on the date of entry into force of the Act on the Rules for Managing State Property.”

will now read as follows:

“12. A Management Board member, commercial proxy, liquidator, branch manager, plant manager or the chief accountant, a legal counsel or attorney employed by the company or a person directly reporting to a Management Board member or to a liquidator may not simultaneously be a Supervisory Board member. The rule laid down in the first sentence shall apply accordingly to management board members and liquidators of a subsidiary company or cooperative. A Supervisory Board Member may be a person who satisfies the requirements specified in Article 19 Sections 1-3 and 5 of the Act on the Rules for Managing State Property, however the requirement to obtain a favorable opinion from the Council for Companies with State Treasury Shareholding and State-Owned Legal Persons referred to in Article 24 Section 1 of the Act on the Rules for Managing State Property, the requirement to satisfy the conditions set forth in Article 19 Section 1 Item 1 of the Act on the Rules for Managing State Property and the prohibition of remaining in the employment relationship referred to in Article 19 Section 1 Items 2 and 4 of the Act on the Rules for Managing State Property do not apply to employee representatives elected to the Supervisory Board.”

§2

This Resolution shall come into force on the date of its adoption.”



**“Resolution No. ...  
adopted by the Shareholder Meeting  
of PKP CARGO S.A. on ..... 2019**

**to insert sec. 12a in § 19 of the Company’s Articles of Association**

Pursuant to Article 430 § 1 of the Commercial Company Code in conjunction with § 12 sec. 1 of the PKP CARGO S.A. Articles of Association, the Shareholder Meeting of PKP CARGO S.A. hereby resolves as follows:

§1

In § 19 of the PKP CARGO S.A. Articles of Association, after sec. 12, sec. 12a is inserted reading as follows:

“12a) The competent body or entity referred to in § 19 sec. 1-3 of the Articles of Association are obligated to immediately take action to dismiss a Supervisory Board member who fails to fulfill the requirements set forth in the Articles of Association, except that the obligation to immediately take action to dismiss a Supervisory Board member does not apply to a Supervisory Board member indicated by an entity other than an entity authorized to exercise rights attaching to shares held by the State Treasury, a state-owned legal person, a company in which a stake is held by the State Treasury or by a state-owned legal person or a company in respect of which a company in which a stake is held by the State Treasury or by a state-owned legal person is a parent undertaking within the meaning of Article 4 Section 3 of the Act of 16 February 2007 on Competition and Consumer Protection.”

§2

This Resolution shall come into force on the date of its adoption.”

**Justification for the proposed merging of the resolutions**

- the proposed amendments to § 12 sec. 2 and 3 and § 25 sec. 3 items 13 and 13a-13d; § 12 sec. 4 and 5; § 17 sec. 2 and § 25 sec. 3 item 22; § 25 sec. 3 item 19a; § 19 sec. 12; § 19 sec. 12a of the PKP CARGO S.A. Articles of Association are intended to align the contents of the Articles of Association with the wording of the Act on the Rules for Managing State Property, in particular the provisions pertaining to the transfer of powers between corporate bodies,
- in the first draft, the proposed resolutions were broken down into individual paragraphs of the Articles of Association in the light of signals that a breakdown of powers is necessary to prevent the occurrence of a situation in which, with the adoption of one resolution and failure to adopt another resolution, the obligations laid down in these paragraphs would be assigned neither to the Supervisory Board nor to the Shareholder Meeting or would remain within the powers of both these bodies, whereas in the currently proposed wording of the amendments to the Articles of Association these powers are broken down according to the substantive correlation, namely:
  - the amendment to § 12 sec. 2 and 3 entails the amendment to § 25 sec. 3

item 13 and the insertion in § 25 sec. 3 of items 13a-13d, thus forming a single resolution,

- the amendments to § 12 sec. 4 and 5 are correlated with each other but are separate from the other amendments, thus forming a single resolution,
- the amendment to § 17 sec. 2 entails the amendment to § 25 sec. 3 item 22, thus forming a single resolution,
- the amendment to § 25 sec. 3 item 19a is independent of the other amendments, thus forming a separate resolution,
- the amendment to § 19 sec. 12 is independent of the other amendments, thus forming a separate resolution,
- the insertion of sec. 12a in § 19 is independent of the other amendments, thus forming a separate resolution.

PRESIDENT OF THE  
MANAGEMENT BOARD

[signature]

Krzysztof Mamiński

MANAGEMENT BOARD  
MEMBER

[signature]

Andrzej Olszewski