

Warsaw, 12-05-2014

UNP: 2014-0235134

Chairman

of the Ordinary General Meeting of PKP CARGO S.A.
convened on May 12, 2014 at 10 a.m.

Polskie Koleje Państwowe S.A., acting as a shareholder of the company PKP CARGO S.A., submits the attached draft resolution concerning profit distribution, determination of dividend record and payment date, to be included to the issue covered by item 8 of the agenda of the Ordinary General Meeting of PKP CARGO S.A. convened on May 12, 2014 at 10 a.m.

Justification

At the end of December 2013, the equity of PKP CARGO S.A. totalled PLN 3,363.0 m and was comprised of share capital in the amount of PLN 2,166.9 m, supplementary capital in the amount of PLN 651.5 m, other equity components in the amount of PLN -9.9 m and retained profit in the amount of PLN 554.5 m. The profit distribution proposed by PKP S.A. provides in particular for implementation of best practice principle, according to which a shareholder has the right to a share in the profit generated and is obliged to allocate, pursuant to the Commercial Companies Code, the amount of at least 8% of the net profit for the financial year 2013 to the supplementary capital. Moreover, it ensures preservation of adequate level of financial indicators (covenants) required under agreements with banks financing PKP CARGO S.A., and is in general compliant with the dividend policy adopted in the prospectus. According to the policy, the Management Board of PKP CARGO shall recommend to the General Meeting dividend payment in the amount of 35%-50% of the consolidated net profit of the Group for a given financial year, including the results adjustment for costs of the Collective Labour Agreement and of the agreement on partial termination of collective dispute (PLN 209,160,157.26), that should be considered as one-off events connected with the privatisation process and not resulting directly from the operational activity of the Company, which influence on the result is therefore limited to the year 2013.

CZŁONEK ZARZĄDU

Maria Wasiaak

CZŁONEK ZARZĄDU

Piotr Ciżkowicz