

Information on the adoption of the Management Board's resolution on salaries increase, signature of the records of divergences in the course of collective dispute

Current report no. 41/2015 of 30 July 2015

Legal basis (selected in ESPI):

Article 56 (5) of the Public Offering Act – information update

With reference to the current report no. 38/2015 of 8 July 2015, the Management Board of PKP CARGO S.A. ("the Company", "PKP CARGO") hereby informs that on 29 July 2015 it resolved to increase the salaries of personnel employed by the employers operating in the Company with the effect from 1 July 2015 in such a manner that: (i) for employees remunerated on the basis of the Collective Bargaining Agreement for the Employees of the Regional Divisions ("CBA") increase in the base salary will amount to PLN 110 gross, (ii) for employees remunerated on the basis of salary benchmarks the wage increase will amount to PLN 110 net.

The Management Board will submit the application to the Company's Supervisory Board with a request for consent to introduce the aforementioned salary increase.

According to the Company's estimates the total cost of wage increase will amount to approx. PLN 50 million annually together with employers' contributions.

The Management Board of the Company also announces that it did not accept the following demands of the trade unions - parties to the collective labour dispute, lasting from 2 July 2015 - presented during the mediation meeting held on 30 July 2015: (i) postulate to introduce the salary increases from the day 1 July 2015 in the amount of PLN 150 in the basic salary for all employees remunerated in accordance with the CBA, and (ii) postulate to change the salary benchmark to the 4Q2013 for employees remunerated based on the Management Board's resolution.

As a consequence of failure to reach agreement during the mediation meeting held in the course of the collective dispute, on 30 July 2015 the records of divergences were drawn up. The exhaustion of the mediation mode entitles trade unions to take strike action, in accordance with the provisions of the Act of 23 May 1991 on solving collective bargaining (Journal of Laws of 2015, item 295).

According to the information obtained during the mediation meeting from the trade union representatives, the unions are planning to complete the strike referendum by 21 August 2015.

The Management Board of the Company also informs that it will make efforts to resolve the dispute in a manner guaranteeing further increase in the Company's value.

Legal basis:

Article 56 (5) of the Act of 29 July 2005 on public offering and conditions for introduction of financial instruments into an organized trading system, and on public companies (Journal of Laws of 2013 item 1382).