

Signing of significant contract

Current Report No. 54/2016 of 27 October 2016

Legal basis (selected in ESPI):

Article 56 Section 1 Item 2 of the Act on Offerings – current and periodic information

The Management Board of PKP CARGO S.A. hereby reports that on 27 October 2016, PKP CARGO S.A. in Warsaw (“Buyer”, “Company”) and PKP Energetyka S.A. in Warsaw (“Seller”) signed the Electricity Sale and Distribution Service Agreement (“Agreement”).

The subject matter of the Agreement is the sale of electricity (“Traction Energy”) and provision of Traction Energy distribution services for the purposes of running the transportation business with electric traction trains owned by the Buyer and for the purposes of trains run by other carriers, which are not charged for electricity under separate contracts, using the Buyer’s electric locomotives. The agreement sets forth the contractual capacity level in the settlement period and the Traction Energy consumption forecast.

The agreement is in effect from its date for a definite term until 31 December 2018. The expected total value of the Agreement during its term is PLN 700.0 million net (PLN 861.0 million gross).

The electricity sale price is calculated for the Buyer using the formula agreed upon for the period from 2017 to 2018. The agreement defines the situations in which the electricity sale price may be changed, on the terms and conditions prescribed by the Agreement. The Seller sells traction energy based on the expected consumption, determined on the basis of the 2017 freight turnover plan. The electricity pricing model in effect in respective years is defined by the electricity sales offer, which constitutes an integral part of the Agreement.

The agreement is classified as significant since its value exceeds 10% of the Company’s equity.

Legal basis:

§ 5 section 1 item 3 of Finance Minister’s Regulation of 19 February 2009 on the current and periodic information transmitted by securities issuers and the conditions for recognizing the information required by the regulations of a non-member state as equivalent (Journal of Laws of 2009 No. 33 Item 259, as amended).