

**Conclusion of a letter of intent regarding potential purchase by PKP CARGO S.A.
of 100 percent of shares in CTL Logistics sp. z o.o.**

Current report No. 57/2014 dated 3 September 2014

General legal basis (selected in ESPI):

Art. 56(1)(1) of the Public Offering Act – confidential information

The Management Board of PKP CARGO S.A. (the “Company”) informs that on 2 September 2014, the Company and European Rail Freight II S.à r.l. (“ERF II”), the majority shareholder of CTL Logistics sp. z o.o. with its registered seat in Warsaw (“CTL”) concluded a letter of intent (the “Letter of Intent”) regarding the potential purchase by the Company of 100% of shares in CTL (the “Potential Transaction”) from all the shareholders of CTL (the “Potential Sellers”). Based on the Letter of Intent the parties resolved to commence negotiations to agree the terms of the Potential Transaction.

Pursuant to the Letter of Intent ERF II granted its consent for the Company to file a motion with the President of the Office of Competition and Consumer Protection (the “President of the UOKiK”) for issuing by the President of the UOKiK of a consent for taking by the Company of control over CTL (the “Motion”), and the Company filed such Motion with the President of the UOKiK on 2 September 2014.

The Letter of Intent was executed within a competitive auction process regarding the sale of shares in CTL conducted by the Potential Sellers, however the execution of the Letter of Intent, as well as the consent of ERF II for the filing of the Motion, shall not be construed as the Potential Sellers grant to the Company of the exclusivity for the negotiations regarding the Potential Transaction.

The Potential Transaction is an element of the implementation of the Company’s strategy.

CTL and its subsidiaries (“CTL Group”) is offering complex logistics services in rail and road freight transport, forwarding, rail siding services, rolling stock maintenance, construction and maintenance of rail infrastructure, transshipment services, customs advisory services and supply with raw materials. CTL Group operates mainly in Poland and other countries of European Union.

In 2013, the CTL Group transported 12.6 million tons of freight, had freight turnover of 4,268.2 million gross tkm and generated sales of PLN 726.6 million. CTL Group hires approximately 1,814 staff and manages a rolling stock comprising approximately 189 locomotives and 4,826 wagons (as of 31 December 2013).

Legal basis:

Art. 56(1)(1) Act of 29 July 2005 on public offering and terms of introducing financial instruments to organized trading, and on public companies (Journal of Laws of 2013, item 1382).