

Signing of a significant contract

Current report no 7/2014 from 12 February 2014

Legal basis (selected in ESPI):

Art. 56 sec. 1 item 2 of the Act on Offering – Current and Periodic Information

The Management Board of PKP CARGO S.A. hereby informs about signing on 11 February 2014 of the Rail infrastructure access agreement for the transport of commodities covering the 2013/2014 timetable (“Agreement”) between PKP CARGO S.A. with its registered seat in Warsaw (“Carrier”, “Company”) and PKP Polskie Linie Kolejowe S.A. with its registered seat in Warsaw („Administrator”, “PKP PLK”). The agreement binds the parties from 15 December 2013 to 13 December 2014.

Under the Agreement, PKP PLK provides the Company with access to railway infrastructure and train routes that are managed by PKP PLK in accordance with the 2013/2014 timetable. The Agreement sets out the allotted train routes. The Company has the right to reject an allotted train route or to change its parameters as required due to the use of a diligent type of traction vehicle or an increase or decrease of a train’s gross weight.

Pursuant to the Agreement, PKP PLK renders services within the scope of the minimum access to train infrastructure that comprises, among others, the preparation of an annual timetable in agreement with the Company, the provision of access to train infrastructure in accordance with the allotted train routes, the provision of traction network devices, the directing and carrying of traffic, and the delivery of information regarding train passage, if so requested by the Carrier. In addition, PKP PLK renders basic services connected with access to facilities related to the servicing of trains and certain additional services comprising the provision of assistance in connection with unusual loads and the preparation and allotment of additional trains.

The fee for the use of rail infrastructure comprises of:

- A basic fee for the minimum access to rail infrastructure, including completed services;
- A reservation fee, collected for any ordered and allocated rail route which has not been used by the Carrier;
- A basic fee for the minimum access to devices related to the servicing of trains, including completed services; and
- An additional fee, including completed services.

Aforementioned fees are calculated based on: (i) the Price list for the use of railway infrastructure managed by PKP PLK, approved by the decision of President of UTK No. DRRK-WKL-9110-11/2013 of 8 November 2013, effective from 15 December 2013, and (ii) Rules of train routes allotment and use of allotted routes by licensed railway carriers within the 2013/2014 timetable.

Estimated value of the Agreement during its term amounts to PLN 728 947 784 net (PLN 896 605 774 gross). Change of the estimated value of the Agreement by 15% (literally: an increase by 15%) is not considered an amendment to the Agreement and does not require written form.

From the moment of admission of the Company’s shares to trading on a regulated (basic) market operated by the Warsaw Stock Exchange i.e. from 28 October 2013, the net turnover of other contracts entered into by the capital groups of PKP CARGO and PKP PLK amounted to circa PLN 10 million.

The agreement is considered significant because of its value exceeding 10% of the Company’s equity.

Legal basis:

§ 5 sec. 1 item 3 and § 9 of the Regulation of the Minister of Finance of 19 February 2009 on current and periodical information provided by issuers of securities and the conditions for recognition as equivalent information as required by the law of a non-Member State (Journal of Laws from 2009 No 33 item 259 as amended).