

Information on the increase in the estimated maximum value of liabilities resulting from implementation of voluntary redundancy programme in PKP CARGO S.A.

Current report no. 34/2015 of 19 June 2015

Legal basis (selected in ESPI):

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

With reference to the current report no. 27/2015 of 11 May 2015 and the current report no. 32/2015 of 12 June 2015, the Management Board of PKP CARGO S.A. (“Company”, “PKP CARGO”) hereby informs that it resolved to increase the maximum value of liability resulting from implementation of the employment optimisation model in the form of Voluntary Redundancy Programme (“VRP”, “Programme”) in the Company.

During the enrolment period ended on 17 June 2015, a total of 1,191 employees of PKP CARGO registered for VRP.

The number of employee enrolments exceeded the initial estimates of the Company. Having analysed the economic legitimacy behind increasing the maximum amount of liabilities, on 18 June 2015 the Management Board of PKP CARGO resolved to increase up to the amount of PLN 96.5 m the estimated maximum amount of liabilities under VRP and applied to the Company’s Supervisory Board for a consent to incur obligation.

Enrolments to the VRP will have been verified and each employer will have granted consents to participation in the VRP by Company’s employees by 22 June 2015 at the latest. Immediately after that date, the final value of liabilities under the Programme will be determined.

In the opinion of the Management Board of PKP CARGO, due to the need to maintain continuity of processes and due to economic conditions, approx. 320 employees interested in the Programme will not obtain permission to take advantage of the VRP, and hence the final amount of liabilities under the VRP will be lower than the maximum total value stated above.

Persons who will obtain employer’s consent will cease to be employees of the PKP CARGO from 1 July 2015.

A provision for future liabilities arising under the VRP will be recognized in the books of PKP CARGO after the Company learns about the final number of employees who obtained employers’ consent to participate in the VRP. This provision will be recognized in Q2 2015 results.

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).