

Announcement of convocation of the Extraordinary Shareholder Meeting and intended amendments to the Articles of Association

Current Report No. 4/2016 of 11 January 2016

Legal basis (selected in ESPI):

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

The Management Board of PKP CARGO S.A. (“the Company”) hereby publishes as an enclosure the announcement of convocation of the Company’s Extraordinary Shareholder Meeting (“ESM”) together with the wording of the draft resolutions to be discussed during the ESM.

The ESM will be held on 8 February 2016 at 10:00 a.m. in the Company’s head office at Grójecka str. 17 in Warsaw.

At the same time, the Management Board wishes to explain that the purpose of the ESM is to adopt amendments to the Company’s Articles of Association the list of which, along with the current wording of the relevant provisions of the Articles of Association, is provided below:

The current § 14 Section 5 of the Articles of Association reading as follows:

“5. The Supervisory Board will elect one Management Board member from among the candidates submitted by the Company’s employees. A candidate should have completed master’s degree studies or equivalent higher education, have at least 5-year tenure of work in the PKP capital group and have no criminal record. The bylaws for electing candidates for a representative of employees in the Management Board shall be adopted by the Supervisory Board. Failure to appoint a representative of employees to the Management Board shall not preclude the appointment of the Management Board or its effective adoption of resolutions. The power referred to in the first sentence above was granted to the Company’s employees in connection with Article 4 section 4 of the Act on Commercialization, Restructuring and Privatization of PKP and the provisions of the Employee Guarantee Package.”

shall read as follows:

“5. The Supervisory Board will elect one Management Board member from among the candidates submitted by the Company’s employees. A candidate should have higher education, at least 5-year tenure of work in the PKP capital group and have no criminal record. The bylaws for electing candidates for a representative of employees in the Management Board shall be adopted by the Supervisory Board. Failure to appoint a representative of employees to the Management Board shall not preclude the appointment of the Management Board or its effective adoption of resolutions. The power referred to in the first sentence above was granted to the Company’s employees in connection with Article 4 section 4 of the Act on Commercialization, Restructuring and Privatization of PKP and the provisions of the Employee Guarantee Package.”

The current § 19 Section 12 of the Articles of Association reading as follows:

“12. A Management Board member, commercial proxy, liquidator, branch manager, plant manager or the chief accountant, a legal counsel or attorney employed by the company or a person directly reporting to a Management Board member or to a liquidator may not simultaneously be a Supervisory Board member. The rule laid down in the first sentence shall apply accordingly to management board members and liquidators of a subsidiary company or cooperative. A Supervisory Board member may not discharge an elected function or sit in the bodies of a company, inter-company or national trade union organization, a federation of trade unions or a confederation of trade unions.”

shall read as follows:

“12. A Management Board member, commercial proxy, liquidator, branch manager, plant manager or the chief accountant, a legal counsel or attorney employed by the company or a person directly reporting to a Management Board member or to a liquidator may not simultaneously be a Supervisory Board member. The rule laid down in the first sentence shall apply accordingly to management board members and liquidators of a subsidiary company or cooperative.”

The current § 19 Section 14 of the Articles of Association reading as follows:

“14. Whereas the obligation ties connecting each Supervisory Board member with the Company constitute a unique organizational and corporate relationship aimed at exercising continuous supervision over the Company, from which relationship the Supervisory Board member’s obligation ensues to act with care and an increased measure of diligence, given the professional nature of duties performed in a supervisory body, each Supervisory Board member:

- 1) should have higher education;
- 2) is obligated to exercise his/her rights and perform his/her obligations in person, with utmost professional care, subject to the Articles of Association and applicable provisions of law;
- 3) cannot take any action or perform any activities that would be in contradiction to his/her duties or could raise suspicion of bias of that Management Board member or of promotion of his/her private interest;
- 4) is obligated to keep confidential business secrets of the Company and documents conveyed to the Supervisory Board member in connection with the exercise of rights and performance of duties in the Supervisory Board and not to disclose them to other persons unless required by mandatory provisions of law.”

shall read as follows:

“14. Whereas the obligation ties connecting each Supervisory Board member with the Company constitute a unique organizational and corporate relationship aimed at exercising continuous supervision over the Company, from which relationship the Supervisory Board member’s obligation ensues to act with care and an increased measure of diligence, given the professional nature of duties performed in a supervisory body, each Supervisory Board member:

- 1) is obligated to exercise his/her rights and perform his/her obligations in person, with utmost professional care, subject to the Articles of Association and applicable provisions of law;
- 2) cannot take any action or perform any activities that would be in contradiction to his/her duties or could raise suspicion of bias of that Management Board member or of promotion of his/her private interest;
- 3) is obligated to keep confidential business secrets of the Company and documents conveyed to the Supervisory Board member in connection with the exercise of rights and performance of duties in the Supervisory Board and not to disclose them to other persons unless required by mandatory provisions of law.”

Deleted shall be the current § 19 Section 15 reading as follows:

“15. The requirement referred to in § 14 item 1) above shall apply only to the members of the Supervisory Board appointed to the Supervisory Board after the date of registration of amendments to the Articles of Associations adopted by Resolution No. 15/2015 of the Extraordinary Shareholder Meeting of 29 September 2015.”

Legal basis:

§ 38 Section 1 Items 1), 2), 3) of the 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 2014 Item 133).