

**Current Report No. 8/2017 of 11 April 2017 – PKP CARGO’s information on the position of its subsidiary AWT in connection with OKD’s declaration of insolvency – update**

*Legal basis (selected in ESPI):*

*Article 17 Section 1 of MAR – confidential information.*

With reference to Current Report No. 27/2016 of 5 May 2016 and Current Report No. 48/2016 of 12 August 2016, the Management Board of PKP CARGO S.A. (“Company”, “Issuer”) hereby reports that on 11 April 2017 it obtained information from its subsidiary AWT that on 11 April 2017 the Regional Court in Ostrava published on its website a draft restructuring plan (“Plan”) for OKD a.s. (“OKD”, a company established under Czech law, a business partner of the Issuer’s subsidiary AWT a.s. (“AWT”), against which a bankruptcy proceeding is in progress).

According to the published Plan:

1. OKD, through an increase in the share capital of its subsidiary (“OKD’s Subsidiary”), will contribute its enterprise (without claims specified as excluded (“Excluded Claims”)) to OKD’s Subsidiary.
2. Subsequently, OKD will sell a 100% stake in OKD’s Subsidiary to PRSKO a.s., a company wholly owned by the State Treasury of the Czech Republic, for approx. CZK 79 million (approx. EUR 2.6 million) (“Transaction”).
3. The closing of the Transaction (“Closing”) is contingent on the following conditions precedent: approval of the restructuring plan by the court, approval of the transaction by the Czech anti-monopoly authority (Úřad pro ochranu hospodářské soutěže), increase in the share capital of OKD’s Subsidiary and deposit of the purchase price for a 100% stake in OKD’s Subsidiary.
4. OKD will use the proceeds from the Transaction to satisfy priority creditors in accordance with Czech law and to partly satisfy the remaining creditors.
5. The Closing is expected to take place in Q3 or Q4 2017.
6. The current freight contract between AWT and OKD is not included in the list of Excluded Claims, hence OKD’s rights and obligations arising therefrom will be contributed to OKD’s Subsidiary acquired by PRSKO a.s.

The Plan will be subject to approval by OKD’s Creditor Meeting and the Regional Court in Ostrava. The Company will provide information on subsequent stages of the bankruptcy proceeding in its future current reports.

The Company’s Management Board is of a favorable opinion on the continuation of services rendered by AWT under the current freight contract between AWT and OKD.

Legal basis: Article 17 Section 1 of Regulation (EU) No. 596/2014 of the European Parliament and of the Council on Market Abuse.