

Summary of the implementation of the voluntary redundancy program in PKP CARGO S.A.

Current report No. 37/2015 dated 26 June 2015

General legal basis (selected in ESPI):

Art. 56(5) of the Public Offering Act – confidential information up-date

The Management Board of PKP CARGO S.A. (the “Company”), with reference to the current report No. 35/2014 from 23 June 2015 hereby informs that the ultimate total value of obligations arising from implementation of the Voluntary Redundancies Program (“VRP”, “Program”) by the employers operating in the Company amounted to PLN 64.6 million.

During the enrolment period a total of 1,193 employees of the Company registered for VRP. Due to the need to maintain continuity of processes and due to economic conditions, approx. 319 employees interested in the Programme did not obtain permission to take advantage of the VRP

874 employees, who obtained the employers’ consent will cease to be employees of Company from 1 July 2015. Payment of severance under the VRP will take place in two tranches. First tranche in the amount of approx. PLN 55 million will be paid together with the salary for June 2015. The second tranche, which will amount to approx. PLN 9.6 million will be paid in February 2016.

A provision for future liabilities in the amount of PLN 64.6 million arising under the VRP will be recognized in Q2 2015 results.

Legal basis:

Art. 56(5) 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).