

Turnover and estimate of the value of significant contract with companies from the Jastrzębska Spółka Węglowa Group

Current report No. 64/2014 dated 12 November 2014

Legal basis (selected in ESPI):

Art. 56(1)(2) of the Public Offering Act – current and periodic information

The Management Board of PKP CARGO S.A. (“the Company”) hereby informs that in connection with the conclusion by the Company on 12 November 2014 of two annexes to the rail freight agreements with companies from the Jastrzębska Spółka Węglowa Capital Group (“JSW CG”), the total estimated value of the future revenues from the agreements concluded or annexed in the last 12 months by the PKP CARGO Capital Group (“PKP CARGO CG”) and JSW CG, together with the value of turnover achieved in the last 12 months between PKP CARGO CG and JSW CG reached a level of approx. PLN 340 million. This value exceeds 10% of the Company’s equity.

The agreement of the highest value is the “Cooperation agreement in the area of rendering transport services” concluded on 4 June 2003 between the Company and JSW Koks S.A., Polski Koks S.A. and JSW S.A. (“Client”) (“Agreement”), whose estimated value in the period from 1.01.2014 to 31.12.2017 is estimated at approx. PLN 136 million.

The subject of the Agreement is provision of rail freight services by the Company to the Client.

The following contractual penalties are stipulated in the Agreement:

If, during the given accounting period, the Company determines that freight services were rendered on a level lower than declared, it has the right to charge an extra fee equal to 30% of the product of the mass not ordered to be shipped and the average rate from the Agreement. The extra fee will not be charged on the mass which has not been ordered to be shipped by the Client as a result of force majeure and other reasons stipulated in the Agreement, justified and not controlled by the Client.

If, during the given accounting period, the Client determines that freight services were rendered on a level lower than indicated in the Agreement, he has the right to charge an extra fee equal to 30% of the product of the mass for which the freight service was not rendered and the average rate from the Agreement. The extra fee will not be charged on the mass which has not been shipped by the Company as a result of force majeure and other reasons stipulated in the Agreement, justified and not controlled by the Company.

If the above extra fees do not cover the loss incurred, the Company as well as the Client may claim compensation on general terms.

The remaining terms and conditions of the Agreement do not deviate from those commonly applicable to this type of agreements.

Legal basis:

§ 5(1)(3) and § 9 of the Regulation of the Minister of Finance of 19 February 2009 on current and periodic information provided by issuers of securities and on conditions under which information required by legal regulations of a third country may be recognized as equivalent (Journal of Laws 2014, item 133).