

**Justification for the draft resolutions to be adopted by the
Extraordinary Shareholder Meeting of PKP CARGO S.A. convened for
8 February 2016
(provided by Polskie Koleje Państwowe S.A.)**

Amendment to § 14 Section 5 of the Articles of Association

§ 14 Section 5 of the PKP CARGO S.A. Articles of Association, laying down the requirements to be satisfied by candidates for representatives of the employees in the Company's Management Board, including in terms of education, shall be amended by deleting, in the second sentence, the words "...completed master's degree studies or equivalent...".

As a consequence of this deletion, the relevant provision shall specify that "*A candidate should have higher education...*".

The purpose of the proposed amendment is to make the provisions of the Articles of Association consistent with the wording of the Employee and Social Guarantee Package for the personnel of PKP CARGO S.A.'s Units and for the personnel of the PKP CARGO Group Companies signed on 2 September 2013 by and between PKP CARGO S.A., PKP S.A. and the Trade Unions as a party to the Company-Level Collective Bargaining Agreement for the personnel of PKP CARGO S.A.'s Units (hereinafter: "Package"), which in § 10 Sections 2 and 3(b) provides for the participation of one representative in the Company's Management Board and sets forth the requirement of higher education for such a representative without providing any additional defining characteristics of such education.

Pursuant to the provisions of Article 2 Section 1 Item 5 of the Act of 27 July 2005 entitled the Higher Education Law (Journal of Laws of 2012 Item 572, as amended), higher education is considered to be either bachelor's degree studies or master's degree studies or bachelor's and master's degrees combined studies.

Amendment to § 19 Section 12 of the Articles of Association

This amendment consists of the deletion, in § 19 Section 12, of the last sentence reading as follows:

"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."

The purpose of the proposed amendment is to make the provisions of the Articles of Association consistent with the wording of the Package, which in § 10 Sections 1 and 3(a) provides for the participation of three representatives of the employees in the Company's Supervisory Board without prohibiting their discharge of an elected function or sitting in the bodies of any trade unions. The applicable provisions of law do not impose any such restriction, either.

Amendment to § 19 Section 14 of the Articles of Association

This amendment consists of the deletion of § 19 Section 14 Item 1 of the PKP CARGO S.A. Articles of Association imposing on each member of the Supervisory Board, including each representative of the employees, the requirement of higher education.

The purpose of the proposed amendment is to make the provisions of the Articles of Association consistent with:

- the wording of the Package, which in § 10 Sections 1 and 3(a) provides for the participation of three representatives of the employees in the Company's Supervisory Board without imposing on them the requirement of higher education,
- the provisions of law referred to in item 2 below.

At the same time, it should be noted that the obligation of higher education applicable to members of the Supervisory Board other than the representatives of the employees may be imposed on the basis of:

- 1) the provisions of § 20 Section 1 of the Articles of Association laying down the criteria and conditions for independence of at least two members of the Supervisory Board, and
- 2) the applicable provisions of law, for instance in respect of persons representing the State Treasury or state-owned legal persons (including PKP S.A.) in the Company's Supervisory Board, who, pursuant to Article 69a Section 2 of the Commercialization and Privatization Act of 30 August 1996 (consolidated version: Journal of Laws of 2015 Item 747, as amended) (hereinafter: "Act"), are required to have passed the examination referred to in Article 12 Section 2 of the Act or have been exempted from the obligation to pass this examination in accordance with the regulations issued pursuant to Article 12 Section 7 of the Act. However, pursuant to § 3 of the Regulation of the Council of Ministers of 7 September 2004 on Training and Examinations for Candidates for Members of Supervisory Boards of Companies in which the State Treasury is the Sole Shareholder (consolidated version: Journal of Laws of 2004 No. 198 Item 2038, as amended), candidates for supervisory board members, except for candidates elected by employees, farmers or fishermen, are required to have completed higher education studies.

Amendment to § 19 Section 15 of the Articles of Association

This amendment, consisting of the deletion, in § 19 Section 15 of the PKP CARGO S.A. Articles of Association specifying that the provision of § 19 Section 14 Item 1 applies only to the members of the Supervisory Board appointed to the Supervisory Board after the date of registration of the amendments to the Articles of Associations adopted by Resolution No. 15/2015 of the Extraordinary Shareholder Meeting of 29 September 2015, is a consequence of the deletion in § 19 Section 14 Item 1 of the PKP CARGO S.A. Articles of Association to which the wording of § 19 Section 15 directly refers.