

Polish Oil and Gas Company (PGNiG SA)
Head Office

Warsaw, December 16th 2014

Current Report No. 121/2014

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Execution of a contract for gas fuel distribution services between PGNiG Obrót Detaliczny and Polska Spółka Gazownictwa

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The Management Board of Polskie Górnictwo Naftowe i Gazownictwo SA ("PGNiG", the "Company") announces that PGNiG Obrót Detaliczny Sp. z o.o. of Warsaw ("PGNiG OD") and Polska Spółka Gazownictwa Sp. z o.o. of Warsaw ("PSG"), hereinafter referred to as the Parties, have signed a contract for the provision of gas fuel distribution services (the "Contract").

The Contract regulates the provision by PSG to PGNiG OD of services consisting in the distribution of gas fuel via the distribution system on a continuous basis, in the area of operations covered by the licences held by PSG. The rights and obligations of the Parties and the terms and conditions on which the distribution services are to be provided are also specified in the Distribution Grid Code and the PSG Tariff for Gas Fuel Distribution Services.

The Contract was concluded for an indefinite period and its terms do not differ from standard terms and conditions used in contracts of this type. The Contract is a framework agreement – the form of the 'Distribution Contract for non-end-user customers' is available from the PSG's website.

The Contract provides for contractual penalties whose estimated value does not exceed 10% of the Contract's value or EUR 200,000. The Contract does not contain any provisions whereby payment of contractual penalties would preclude the Parties from seeking compensation in excess of contractual penalties.

The average annual value of the Contract is estimated at approximately PLN 4bn (VAT-exclusive).

It should be also noted that there has been a reduction in the estimated value of the contracts executed between PGNiG and the six gas distribution companies, as reported by the Company in Current Reports Nos. 85/2011, 86/2011, 87/2011, 88/2011, 89/2011 and 91/2011, which were taken over by PSG as the legal successor on July 1st 2013.

The execution of the Contract has no material effect on the consolidated financial statements of the PGNiG Group.

The Contract represents a significant agreement within the meaning of the Minister of Finance's Regulation on current and periodic information to be published by issuers of securities and

conditions for recognition as equivalent of information whose disclosure is required under the laws of a non-member state, dated of February 19th 2009, as the value of the Contract exceeds 10% of the PGNiG Group's revenue for the last four financial quarters, which totalled PLN 31.94bn.