

Polish Oil and Gas Company (PGNiG SA)
Head Office

Warsaw, December 20th 2013

Current Report No. 200/2013

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Execution of a material agreement on the supply of crude oil by PGNiG SA to Grupa LOTOS SA

Current Report No. 200/2013 The Management Board of Polskie Górnictwo Naftowe i Gazownictwo SA ("PGNiG", the "Company") reports that on December 20th 2013 a crude oil supply agreement (the "Agreement") was executed between PGNiG and Grupa LOTOS SA ("Grupa LOTOS").

The Agreement provides for the supply of crude oil to Grupa LOTOS at prices linked to Brent Dated prices. The Agreement is made for a 5-year term, but may be extended for an indefinite period, and becomes effective on January 1st 2015. Grupa LOTOS will bear the responsibility and costs for rail transport of the crude oil, which will be sourced from all the facilities of PGNiG's Zielona Góra Branch.

The Agreement will improve the economic efficiency of PGNiG's sales portfolio and allow the Company to diversify its customer base, while also increasing the flexibility of its oil supply logistics.

Contractual penalties will only be applicable for the first three months, and amount to 80% of the gross value of crude that PGNiG fails to deliver, or that Grupa LOTOS fails to collect, in a given month. The maximum value of the contractual penalties at that time is estimated at approximately PLN 156m. Payment of a penalty precludes the other party's right to seek damages, apart from cases of intentional damages.

The 5-year value of the agreement is estimated at approximately PLN 3.2bn and exceeds 10% of the PGNiG Group's total revenue of PLN 31.67bn for the last four financial quarters.