

Polish Oil and Gas Company (PGNiG SA)  
Head Office

Warsaw, December 19th 2012

### **Current Report No. 188/2012**

Warsaw, December 19th 2012 Execution of a material agreement between PGNiG Group companies and Operator Gazociągów Przesyłowych GAZ-SYSTEM SA Current Report No. 188/2012 The Management Board of Polskie Górnictwo Naftowe i Gazownictwo SA ("PGNiG" or the "Company") reports that on December 19th 2012 the aggregate value of agreements executed between the PGNiG Group companies and Operator Gazociągów Przesyłowych GAZ-SYSTEM SA ("Gaz-System") since December 6th 2012, which was the release date of Current Report No. 178/2012, reached the value of a material agreement. The agreement of the highest value is a transmission agreement (the "Agreement") concluded by PGNiG and Gaz-System on December 19th 2012. The Agreement is for an indefinite term. According to the Agreement it comes into force and effect on the date on which all of the following conditions precedent have been satisfied: the entire Transmission Grid Code (version No. 018) has come into force; PGNiG's Gas Fuel Tariff, which enables the settlement of gas trading transactions at a virtual point, has become effective; OGP Gaz-System S.A.'s Tariff, which accounts for the gas transmission settlement rules set out in the Transmission Grid Code (version No. 018), has become effective; tariffs of Distribution System Operators (MSG sp. z o.o., DSG sp. z o.o., GSG sp. z o.o., PSG sp. z o.o., KSG sp. z o.o. and WSG sp. z o.o.) and the Storage System Operator (OSM sp. z o.o.), where charges under Inter-Operator Transmission Agreements are passed on to tariff rates, have become effective; Inter-Operator Transmission Agreements executed between GAZ-SYSTEM S.A. and six Distribution System Operators have come into force. In PGNiG's opinion the Agreement should come into force on January 1st 2013. The transmission services will be provided on the terms defined in the Transmission Grid Code, as approved by the President of URE. The Agreement was executed based on a template agreement and reiterates the rights and obligations of PGNiG and Gaz-System under the transmission agreements currently in effect. The Agreement supersedes four transmission agreements between PGNiG and Gaz-System currently in operation, which will expire upon the Agreement coming into force. The Agreement contains no contractual penalty clauses, save for a provision that if the Agreement is terminated before September 30th 2026, PGNiG will reimburse Gaz-System for all costs, expenses and CAPEX incurred to construct an interconnector between the Czech and the Polish gas systems. The aggregate value of agreements executed in the period from December 6th to December 19th 2012 between the PGNiG Group companies and Gaz-System is estimated at PLN 5.54bn, including the value of the Agreement of approximately PLN 3.5bn. The estimated aggregate value of the agreements exceeds 10% of the PGNiG Group's revenue for the last four financial quarters, which totalled PLN 27.04bn. See also: Current Report No. 178/2012