

Polish Oil and Gas Company (PGNiG SA)
Head Office

Warsaw, December 7th 2010

Current Report No. 82/2010

Agreement Signed for Partial Financing of the Project "Strachocina Underground Storage Facility"

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The Management Board of Polskie Górnictwo Naftowe i Gazownictwo SA ("PGNiG") hereby reports that on December 6th 2010 an agreement was executed between PGNiG and Instytut Nafty i Gazu (the Oil and Gas Institute) of Kraków ("the Implementing Entity") for partial financing of the project "Strachocina Underground Storage Facility" ("the Agreement"). The Project will be implemented as part of Measure 10.1 "Development of Transmission Systems for Electricity, Natural Gas and Crude Oil, as well as Construction and Reconstruction of Natural Gas Storage Facilities" envisaged in Priority X "Energy Security including Diversification of Energy Sources" under the Infrastructure and Environment Operating Programme for 2007–2013.

Pursuant to the Agreement, the Implementing Entity provided partial funding of up to PLN 53,207,559.50 (fifty three million, two hundred and seven thousand, five hundred and fifty nine złoty and fifty groszy) to PGNiG, including 0% of that amount as a special-purpose grant and 100% of that amount as direct payment. The amount of the partial financing depends on the amount of eligible expenditures incurred in the course of performance of the Agreement.

The period for determining the eligibility of expenditures (expenditure or cost incurred in line with the guidelines concerning eligibility of expenditures under the Infrastructure and Environment Operating Programme) lasts from May 16th 2007 to December 31st 2011.

The estimated total cost of the project "Strachocina Underground Storage Facility" is PLN 493,978,450.00 (VAT-incl.), the maximum amount of eligible expenditures is PLN 165,981,607.00, and the amount of partial financing is up to PLN 53,207,559.50.