

Polish Oil and Gas Company (PGNiG SA)
Head Office

Warsaw, January 4th 2011

Current Report No. 3/2011

Instigation of Anti-Trust Proceedings by the Office of Competition and Consumer Protection

Current report no. 03/2011

The Management Board of Polskie Górnictwo Naftowe i Gazownictwo SA ("PGNiG") hereby reports that on January 3rd 2011 it received a notification of instigation of anti-trust proceedings by the President of the Office of Competition and Consumer Protection ("UOKiK") concerning abuse of dominant position on the domestic natural gas wholesale market by PGNiG.

According to the President of UOKiK, the abuse of dominant position on the domestic natural gas wholesale market by PGNiG consisted in:

- inhibiting sale of gas against the interest of other business players or consumers by refusing to sell gaseous fuel under a framework agreement to an entrepreneur that intended to further resell the gas, i.e. NowyGaz Sp. z o.o. of Warsaw, which may be regarded as an anti-competitive practice defined in Art. 9.2.2 of the Competition and Consumer Protection Act of February 16th 2007 ("the Act");
- impeding the development of market conditions favourable to the emergence or growth of competition by refusing to sell gaseous fuel under a framework agreement to an entrepreneur that intended to further resell the gas, i.e. NowyGaz Sp. z o.o. of Warsaw, which may be regarded as an anti-competitive practice defined in Art. 9.2.5 of the Act.

Pursuant to Art. 106 of the Act, the President of UOKiK may, by way of a decision, impose a fine on an entrepreneur abusing its dominant position of not more than 10% of the revenue earned in the financial year preceding the date of the decision. The amount of the fine is determined taking into account the duration, extent and circumstances of the breach of statutory provisions, as well as any previous violations of these provisions.

Under Art. 50.3 of the Act, PGNiG has the right to respond to the charges within fourteen days from the date of receipt of the notification of instigation of anti-trust proceedings.