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| PRESS STATEMENT |

# PRESS STATEMENT TO THE Price Decision No 6/2016 on regulated prices associated with gas supply

**Prague, December 2, 2016**: On 25 November 2016, the Energy Regulatory Office (ERO) issued Price Decision No. 6/2016 on regulated prices associated with gas supply for 2017. This decision includes, among other things, a drastic decrease in gas transit tariffs by more than 20%. NET4GAS is of the opinion that the tariff decrease, as such, as well as the underlying process, constitute a severe violation of the basic standards and principles of proper price regulation. NET4GAS further believes that this approach will harm the Czech Republic both in the short and long term. Therefore, NET4GAS has decided to initiate legal proceedings against the ERO. The company regrets that it must take this step, but believes that the legal proceedings will also contribute to improving the regulatory framework in the Czech Republic in the long run.

On 1 December 2016, the ERO issued a press release in which the Office tries to justify the decrease in transit tariffs. NET4GAS strongly disagrees with the majority of statements made in this press release, but refrains from commenting in detail in public, as this will be the subject of the aforementioned legal proceedings.

For accurate information on the long-term transit contract portfolio of NET4GAS, please see page 73, Point 2.3.2 of the Base Prospectus on the NET4GAS website [here](http://www.net4gas.cz/files/obligace/prospectus_june2014.pdf), or information on entry/exit capacity availability by the year 2032 published on the NET4GAS website [here](http://extranet.net4gas.cz/capacity_ee.aspx).

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NET4GAS, s.r.o. is the holder of an exclusive licence as the Gas Transmission System Operator (TSO) in the Czech Republic. It provides sufficient transmission capacities to satisfy both domestic and foreign demand and guarantees the safety and reliability of transmission services. It transports around 45 billion m3 of natural gas per year (of which around 15 % is for domestic consumption). NET4GAS operates more than 3,800 km of pipelines, three border transfer stations, four compressor stations, and nearly a hundred transfer stations at the interface with the domestic gas distribution. The company is a member of the Czech Gas Association, the international organisations ENTSOG, GIE, EASEE-gas, and IGU and Marcogaz working groups. It has more than 500 employees.