



RELEASE

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On February 28, a final ruling was made in the arbitration case between Gazprom and Naftogaz of Ukraine concerning the contract for gas transit via Ukraine. The dispute had been proceeding at the Arbitration Institute of the Stockholm Chamber of Commerce since October 2014.

The arbitration tribunal rejected the appeal by Naftogaz to increase the gas transit tariff and amend the contract so as to comply with Ukrainian law. According to the ruling, neither European nor Ukrainian anti-monopoly laws apply to the contract in question.

Out of USD 17 billion claimed by Naftogaz, the tribunal awarded a compensation of USD 4.673 billion to the Ukrainian company, citing the failure by Gazprom to pump the full amount of gas contracted for the purpose of being transited to European consumers. In view of the earlier ruling on the supply contract, which had been made in favor of Gazprom, the court offset the counterclaims of the parties. Therefore, Gazprom is obliged to pay USD 2.56 billion to Naftogaz.

Gazprom expresses its disagreement with this arbitration ruling. Earlier, the same tribunal agreed with Naftogaz's reasoning that the fall in gas demand and Naftogaz's failure to fulfill its gas offtake commitments had been caused by a sharp decline in the Ukrainian economy. However, Gazprom's similar argument – a decline in gas purchases by European clients being the main reason for the decrease in transit via Ukraine – was not taken into account.

The outcomes of the two legal proceedings have resulted in a significant imbalance between Gazprom and Naftogaz as far as gas supplies and transit are concerned, thereby contradicting the basic principles of Swedish law under which the contract is regulated.

Gazprom will defend its rights through all means available under applicable legislation.

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