

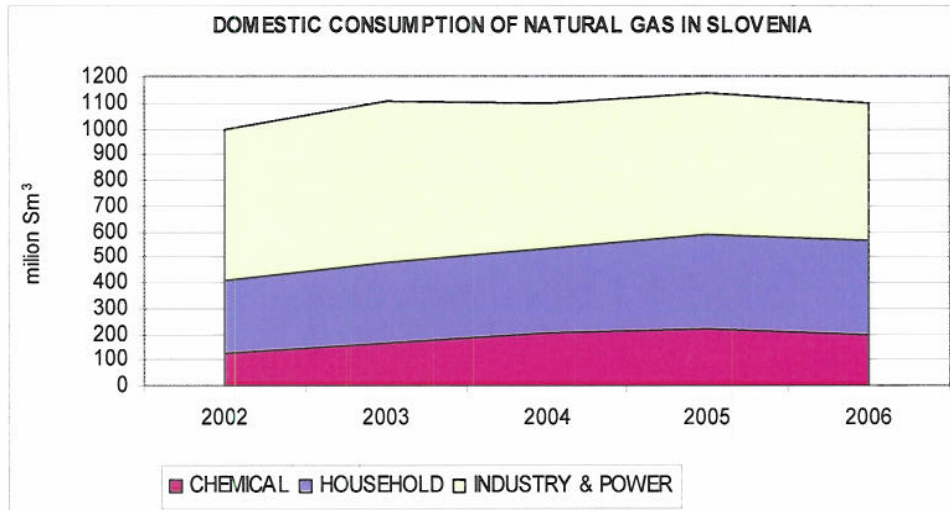
NATURAL GAS IN SLOVENIA 2006

SLOVENIAN GAS PIPELINE SYSTEM

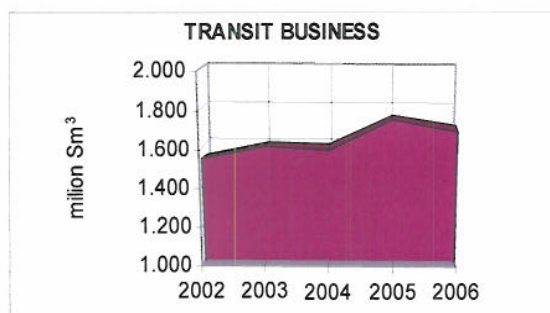


Gas consumption in Slovenia in 2006 was 3,3% lower than in the previous year, and amounts to 1.097 mio m³.

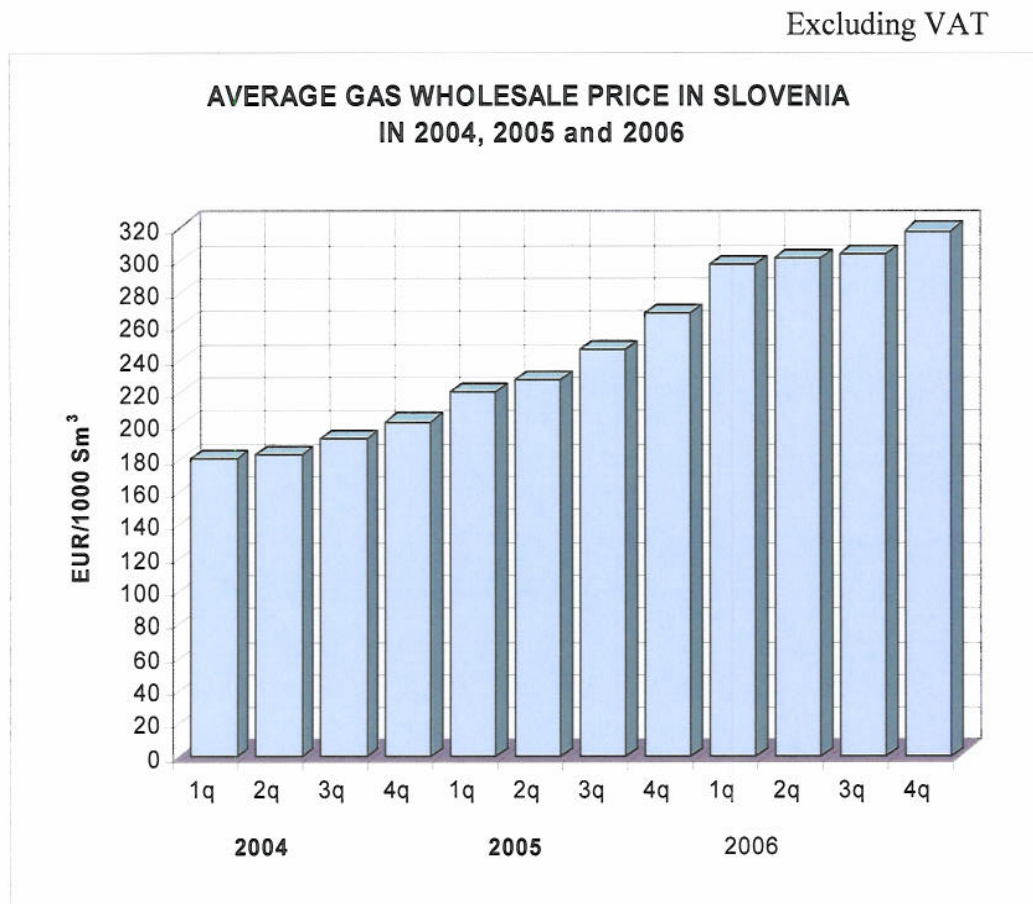
Consumption in industry & power and in chemical decreased, while household consumption remains the same, representing approximately 33% of the whole consumption.



Transit business in 2006 amounts to 1.690 mio/m³ what also represents approximately 3 % less than in the previous year.



Natural gas price from 2005 on is contractually agreed upon with wholesale customers, based on a transparent formula linked also with oil prices. This is the reason for significant increasing of the price during the year 2006.



Geoplin d.o.o. as Slovenian gas supplier already renewed its long term supply contracts with Gazprom and Sonatrach together with related transit contracts and also storage services which expired in 2006 or are to expire in 2007. Accordingly, the relevant contracts are signed with final wholesale customers.

Since 2005 when a legally independent entity Geoplin plinovodi d.o.o. was established as a Slovenian TSO, transmission fee for network is fixed by a regulator. Above mentioned fee represents approximately 8,7 % of wholesale price of natural gas excluded VAT and other duties.

In spite of the fact that wholesale market is formally opened already for years, only six customers decided to conclude shipping contracts directly with Geoplin plinovodi as TSO. All other wholesale customers signed a contract with Geoplin d.o.o. as a gas supplier also acting as a shipper for their related quantities.

Geoplin plinovodi has a rather ambitious development plan related to further development of its pipeline grid. It is based partly on long lasting plans to construct some new gas fired power plants in Slovenia and partly on increased transit capacity through its system. Construction works on doubling a part of the main pipeline system already started. The construction on a second compressor station as a part of a system, located near Slovenian - Italian border will start in the second half of the year.

On 1.7.2007 the household market is to be opened according to EU second gas directive. Regulatory bodies and distribution companies are in full preparation of the procedures to make it feasible in a proper time.