

Inside Information

CEZ and MOL created strategic alliance focusing on gas-fired power generation

Prague, December 20, 2007 - Today, leading European energy companies CEZ (Czech Republic) and MOL (Hungary) created a strategic alliance and signed a joint venture agreement.

“The countries in which MOL Group is active correspond to the areas targeted for foreign expansion of CEZ Group. Cooperation with MOL is an opportunity for CEZ to strengthen its position in the electricity markets of central and south-east Europe, with the contribution of a strong, locally established partner from the gas industry. Initial projects of CEZ – MOL joint venture are very attractive because of high power prices in target countries and strong synergies – heat and electricity off-take by MOL, dual-fuel capability and available sites with existing infrastructure,” says Martin Roman, Chairman of the Board and CEO of CEZ.

“This agreement enhances security of energy supply, provides significant synergies and further increases refinery efficiency, reinforcing MOL’s leadership in Europe in this respect. It strengthens MOL’s position as a strong regional player and reconfirms successful track record in executing cross-border transactions through partnerships. This strategic alliance provides MOL with an entry into a highly attractive regional electricity market with additional growth opportunities,” says Zsolt Hernádi, Chairman and CEO of MOL Group.

CEZ and MOL will create a joint venture in which each party will have 50% equity interest, equal voting rights and similar split of operational decision making. The JV will focus on gas-fired power generation and related gas infrastructure in 4 countries of Central and Southeastern Europe, including Slovakia, Hungary, Croatia and Slovenia. The first major investment is the planned construction of CCGTs at the refineries of the MOL group in Bratislava (Slovakia) and the Dufi – Százhalombatta (Hungary). In both locations the installed capacity will be 800 MW. In addition, in Bratislava, the current thermal plant will be modernized and its capacity increased to 160 MW. The expected investment in both projects will be approximately 1.4 billion EUR. As a part of the JV agreement MOL will include the current heat plants at both sites and all related infrastructure. The financing plan for the venture is still subject to discussion but is intended to utilize project financing to the maximum extent possible.

To strengthen the strategic alliance, CEZ will purchase a 7% stake in the common stock of MOL and at the same time sells to MOL an American call option with strike price 20000 HUF. The option can be exercised within 3 years from the date of signing. Call premium covers spread between strike and purchase price and guarantees CEZ capital cost coverage until the option expires or is exercised

The strategic alliance with MOL brings new growth platform and diversification to the CEZ Group generation fleet via natural gas as low-CO2 fuel. Generation assets will be built in markets where CEZ has no asset presence so far (Slovakia, Hungary and potentially Slovenia and Croatia) and this strategic venture will therefore, in cooperation with the regional No. 2 – MOL Group, significantly strengthen CEZ’s leadership in the power sector of Central and Southeastern Europe.

This partnership with CEZ provides MOL significant synergies with a safer option to secure its own electricity supply. The agreement further enhances refinery efficiency, improves refinery complexity, strengthening MOL’s best-in-class refinery pool in Europe and in the region. A joint optimization with power plant refinery site location and better

electricity grid charges will lead to further CAPEX and OPEX savings and MOL will enjoy the benefits of cheaper dual-fuel steam market for co-generation and the possibility to create value from a linked gas and electricity trading capability. Without the CEZ-cooperation MOL would have to buy 60% of electricity and 15% steam from external sources.

From the beginning of this year, significant part of Central South Eastern Europe has an electric power balance shortage, and therefore is forced to import electricity. The supply-demand gap is expected to widen for the next decade and needed to be covered by construction of efficient power generation units. The joint market activity of the two regional leaders will bring both, stability and growth for CEZ and MOL.

Notes for Editors:

CEZ is the leading CEE utility with almost 7 million customers and generation portfolio over 14 300 MW of installed capacity. Its market capitalization exceeds 30 billion EUR. Apart from its home base in the Czech Republic, the CEZ Group is active in 10 countries of Central and Southeastern Europe. In Bulgaria, it owns the distribution and supply providing electricity to 1.9 million customers and the largest hard-coal power plant in Varna. In neighbouring Romania, it distributes and supplies power to 1.4 million customers. CEZ Group also owns two power generation companies in Poland and actively trades electricity in all countries of CSEE. Together with local partners, it is preparing the construction of a power plant in the Bosnian city of Gacko and develops several other growth options.

Further information: www.cez.cz

MOL Plc. is the leading independent, international and integrated oil and gas company in Central-Eastern Europe, headquartered in Budapest. MOL Group has a market capitalization of over USD 16 bn. The company has operations in Europe, the Middle East, Africa and the CIS states. MOL employs some 15.000 people, worldwide. MOL has 3 highly complex refineries in Hungary, Slovakia and Italy and operates close to 1000 filling stations in Central and South Eastern Europe and North-Italy. At the end of 2006 MOL had 331.5 million boe proved hydrocarbon reserves and 102.6 thousand boe/day hydrocarbon production. MOL Group also operates over 5,000 km high pressure natural gas pipeline network and is involved in the petrochemical business, too.

Further information: www.mol.hu

Contacts:

CEZ

Eva Novakova, Press Officer

Tel.: +420 211 042 291

GSM: +420 606 740 479

Eva.Novakova@cez.cz

MOL

Hungary

Dóra Somlyai: Head, Corporate Communications, Hungary:

+ 36-1 464 0366

dsomlyai@mol.hu

International

Brunswick:

Patrick Handley, Partner:

+ 44 7974982395

phandley@brunswickgroup.com