

Inside Information

CEZ Group and Turkish Akkök Group unite their powers through Akenerji

Ankara, October 8, 2008 - Representatives of both Groups have signed a strategic partnership agreement about cooperation in Turkish power sector today. CEZ Group will buy the exact half of the Akkök Group's majority stake in Akenerji Elektrik Üretim A. Ş.

“Today we have accomplished another milestone in the CEZ Group's international expansion. Turkish energy sector requires a lot of investment to cover the increasing needs of its economy which is growing rapidly. This brings a lot of prospects for strategic investors into the energy sector. To meet these opportunities we have chosen a strong and reliable partner – Akkök Group - to cooperate with on the market. By combining Akenerji's 19 years of operation in the Turkish power sector with international experience and know-how of the CEZ Group, we will create robust partnership for Turkey. First successful joint step we have already take by winning the tender in the distribution, however our plans comprise also the field of power generation,” said Martin Roman, Chairman of the Board and CEO of CEZ.

Ömer Dinçök, Chairman of Board of Directors of Akkök Group, said in his statement: “Akenerji, which started its operations in 1989, is one of the private sector establishments that are aware of the significance of energy for the growth of Turkey. In the process of liberalisation in the market, we will continue to grow in production and distribution by taking support from our partner's profound experiences in these fields. The SEDAS tender that we won with an offer of 600 million dollars together with CEZ in July is a first move in such an endeavour. From this point on, we will proceed with resolution together with our partner CEZ in the business of production, distribution, and wholesale and retail trade of electricity energy in Turkey.”

Subjects connected to Akkok and CEZ Group will together retain its majority ca 75% stake in Akenerji with equal participation of 37.4 %, which CEZ will buy for USD 302.6 mil.

Akenerji's ambition is to be one of the key players in the Turkish energy market. In addition to the present established power of 496 MW and renewable energy investments of 390 MW, Akenerji will increase its electricity production capacity by attaching importance to source diversity; thus the company will reduce production costs on the one hand, and it will continue its considerable contribution in meeting the need for electricity

energy in the country on the other. Together with the CEZ Group, Akenerji plans to reach 3.000 megawatts of installed capacity in 5 years. The planned investment for such a growth is about 3 billion dollars.

Akenerji is the member of Akkök Group which accommodates more than 4000 employees within more than 20 industrial and commercial companies in Textile, Chemicals, Energy, Marketing, Real Estate Investments, Retail and Service and Insurance Sectors.

Turkey, with its 70 millions people, is comparable to the whole Central Europe. Demand for electricity reached around 190 TWh in 2007. Considering low per capita electricity consumption (at 30 % of EU states average level in 2005), fast urbanization, increasing population (moreover Turkish average age of population is only 27.3 in comparison with 38.5 at EU) and increasing economic growth as well, it is expected that the electricity consumption will increase rapidly for the following years. Electricity consumption is forecasted to grow about 6 – 8 % annually between today and 2016, compared to the EU states year-on-year growth at about 2 - 3%.

According to estimates of Turkish grid operator TEIAS, Turkey will have to build annually between 2500-3800 MW of generation capacity and up to 50,000 MW till 2020 to meet its fast growing electricity consumption.