

Inside Information

CEZ registered its receivable from Moravia Energo for insolvency proceedings

All power electricity, which CEZ supplied to the Moravia Energo (ME) company, was settled in the form of pre-payments. When ME stopped paying the pre-payments, CEZ was forced to terminate the contracts concluded with ME, which were concluded in the past for electricity supply in 2009, 2010 and 2011.

In accordance with the business rules and the EFET (European Federation of Energy Traders) standards, to the date of the contracts' termination, CEZ determined the value of the final settlement of prematurely ended deals with ME based on the prices of electricity, at which CEZ was able to sell all electricity failed to be withdrawn by the ME company in the market to the date of termination of the contracts between CEZ and ME. After deduction of the sum from the already realized security, the final sum in arrears calculated by CEZ amounts to CZK 1.5 billion and CEZ has registered this sum within the framework of the insolvency proceedings as its receivable.

In addition to the outcome of the pending insolvency proceedings, the final effect of ME bankruptcy on the mid-term plan of the CEZ company will be known as of 31 December 2011 and will be also affected by the future development in electricity prices and the exchange rate CZK/EUR and by the moment when CEZ will decide to sell the electricity failed to be withdrawn by ME in the market.