

## Insider Information

### CEZ Detected 2 Unauthorized Transactions with Emission Permits

**The CEZ energy group has detected two unauthorized emission permit transfers in connection with the recent attack on the Czech carbon emission permit registry. Last week, OTE, the Czech carbon registry operator, temporarily closed its carbon registry, allegedly due to a software attack on the core parts of its information system.**

CEZ has claimed both transactions, totaling 700,000 of its emission allowances, with OTE as the carbon registry operator; however, no official response has yet come from the operator. All emission permits in the registry have their unique serial numbers; therefore, they cannot be transferred anywhere else but to another national registry in one of the EU Member States. It is thus easy to track them down.

There has been no breach of statutory obligations on the part of CEZ. OTE is responsible toward CEZ and other emission permit registry users for the security of the carbon emission permits on their accounts similarly as, for example, banks are responsible for the security of their clients' financial deposits. We expect OTE within a few days to disclose more details of its approach to resolve the entire incident and to return to our accounts the permits that have been transferred in an unauthorized manner.

Based on its findings CEZ has also filed a crime report. We fully cooperate with the Police that have also begun to investigate the attack on OTE's registry, and we believe that the entire situation will soon be resolved. In view of the ongoing investigation though, we are not going to disclose any further details.

The Czech emission permit trading registry was shut down last week by OTE as its operator. Subsequently, on January 19, 2011, at 7:00 p.m., the European central registry operator, CITL, referring to a decision made by the European Commission, suspended domestic and international emission permit transfers in all European carbon registries at least until January 26 due to security incidents recorded in some national registries over the past two months and in particular because of last week's incidents.