

## PRESS RELEASE

13 June 2012

---

### **EOP's Supervisory Board condemns Czech Coal's illegal steps**

#### **Mayors condemn the coal mining company's efforts to misuse heat customers**

The Supervisory Board of Elektrárny Opatovice, a.s. (EOP) has discussed the situation caused by Czech Coal's rescission of the agreement on brown coal supply and discontinuation of coal supply to EOP. The Supervisory Board has thoroughly studied all documents and legal experts' opinions. On the basis of all the facts it has unanimously concluded that Czech Coal's steps are completely illegal; one reason is that the rescission and subsequent discontinuation of coal supply is unfounded. In addition, regardless of whether or not Czech Coal could rescind the contract, under the contract it had an unquestionable obligation to supply coal to EOP until the end of 2013, because any potential rescission was only to take effect at the end of the following calendar year. On the basis of these findings EOP's Supervisory Board confirms that Czech Coal's steps are illegal and self-serving, and therefore condemns them.

"Despite assurances of coal supply for heat production, it has been completely stopped. I regard this as a clear-cut violation of valid contractual conditions. Therefore all legal tools should be mobilised to eliminate this situation," said Zdeněk Fink, member of the Supervisory Board and Mayor of Hradec Králové.

"In a country subject to the rule of law, I regard it as unacceptable for an extraction company taking – by misusing the country's mineral wealth – tens of thousands of households that are dependent on supply of heat from coal as hostages," said Štěpánka Fraňková, member of the Supervisory Board and Mayor of Pardubice. "We fully support EOP management's effort to sustain reliable and affordable domestic heat supplies in the Hradecký and Pardubický Regions even in this difficult situation," added Mrs Fraňková.

"For many years, Opatovice heat for Chrudim has been the best way of heating a number of properties in our town. We are certainly ready to support EOP in its justifiable demand for respect for its contractual arrangements with the coal supplier," said Petr Řezníček, Mayor of Chrudim.

EOP's Supervisory Board has also appealed to the State, as the sole owner of mineral wealth in the Czech Republic, to provide, in line with the law, sufficient quantities of fuel for brown coal fired CHP plants in the Czech Republic so that reliable heat production and smooth heat supply for more than a million Czech households taking heat from district heating systems continue to be ensured. "The State as the owner of brown coal must prevent a privately-owned extraction company from disposing of coal against the country's and its population's interests," said Mirek Topolánek, Chairman of EOP's Supervisory Board.

As early as 8 June, EOP requested Czech Coal in an official letter to immediately resume coal supply in accordance with the agreement in place. It has not yet received any response from Czech Coal to this official request. Coal supply has not been resumed.

EOP has also categorically dismissed allegations of failure to pay Czech Coal any debts arising from the contractual relationship in place. Indeed, it is precisely Czech Coal who is the debtor and who has been unjustifiably withholding EOP's overpayment of almost CZK 117 million not including incidentals.

**Petr Zadák**  
*Spokesman*