

Press release

Development of Hungarian-Slovak Gas Interconnector reinforced by new Memorandum of Understanding

Budapest, 9 September 2011 – Eustream, Slovak gas transmission system operator and Országos Villamostávvezeték (OVIT), member of the MVM Group, a leading player in the energy sector in Hungary, have signed a Memorandum of Understanding to pursue the Hungarian-Slovak Gas Pipeline Interconnector Project.

Both partners of the project, Eustream on the Slovak side and OVIT on the Hungarian side signed a Memorandum of Understanding (MoU) to demonstrate strong support to the new phase of project implementation.

The common interest materialized in the MOU is the basic assumption for successful continuation of the project. The companies agreed on the details of further cooperation, and key milestones for the full implementation and financing of the project. In order to guarantee the continuity of the project, OVIT signed a Cooperation Agreement with FGSZ.

“Eustream appreciates that our previous and current Hungarian partner companies agreed on their strong cooperation on the technical aspects of the project. The most important for us is fluent continuity of the project in line with the agreed timetable”, emphasized Chairman of the Board of Directors of Eustream, Andreas Rau.

“OVIT is entirely committed to realizing the project and signing the Memorandum of Understanding with Eustream was a key milestone in cooperation between the two companies”, stated Sandor Nagy, Chairman of the Board of Directors of OVIT.

Eustream and OVIT scheduled commissioning of the pipeline for 1 January 2015.

The OVIT Shareholders' Meeting adopted a resolution on 6 September 2011 according to which the equity capital of the company will be increased by two billion forints by the owner, Magyar Villamos Művek Zrt. (Hungarian Power Companies), and in the interest of implementing the Hungarian–Slovak Gas Transmission Interconnection Pipeline project, a new company (*Magyar Gáz Tranzit ZRt.*) will be established by transformation, by splitting off from OVIT. This new project company will carry on the gas licensee activity of OVIT.

The project of interconnection between the gas pipeline systems of Hungary and the Slovak Republic is viable and economically feasible. In addition, it remains a top priority for both the Hungarian and the Slovak members, as well as for the respective national governments and the European Commission. There is no doubt that the project will diversify routes and significantly contribute to European energy security. The additional cross-border capacity will increase gas market liquidity and also improve the future security of gas supply for the Central European region. The project will be partially supported by funding from the European Energy Programme for Recovery (EEPR).

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HU/SK Gas Interconnector - The planned pipeline should cover a length of approximately 115 kilometres. It will connect up the high-pressure system located at Veľké Zlievce with the Hungarian transmission network near the village of Vecsés in the suburbs of Budapest. The total investment needs are substantially above EUR 100 million, and financial support envisaged under the EERP is EUR 30 million. The strategic importance of the interconnection for Slovakia lies in ensuring access to prepared European gas projects like Nabucco, South Stream or the LNG terminal in Croatia.

eustream, a.s. (www.eustream.sk) is a transmission system operator and natural gas carrier with a transmission system capacity of over 90 bcm/year, covering a total length of 2,270 km. Eustream guarantees access to the Slovak transmission system in a transparent and non-discriminatory way, providing a full range of services in the field of natural gas transmission. Its main partners are international energy companies.

Országos Villamostávvezeték ZRt. (www.ovit.hu) OVIT ZRt, as a member of the MVM Group, has the widest scope of activities in the Hungarian energy industry. The Company has performed the construction, maintenance and development of high-voltage power lines and transformer stations for six decades. Traditionally the activities of OVIT have essentially been connected to the Hungarian national grid and power plants, but it also regularly concludes contracts with domestic electricity supply companies, large industrial consumers and foreign ordering parties for completing construction, maintenance, renewal and development assignments.

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