

26-10-2014



Witness Statement

Josef Hejsek

VIAC Case SCH-5317/KN

Prague, 26 October 2014

...operating on the Czech and international market since 1997. It employs a team of 90 designers and engineers.

ČEZ Shperndarje's lawyers of Clifford Chance have informed me that OSHEE's financial services provider Debt International Advisory, Ltd (BVI) has filed a law suit / arbitration before the Vienna International Arbitration Centre against OSHEE. The claims are based on the so-called September- and February Agreement (which I co-signed in my capacity as OSHEE's former administrator) and amount to more than €130 million in aggregate.

II. Initial contact with DIA/Mr. Ismailaj

- 4 When ČEZ started its operations in Albania, ČEZ Shperndarje had significant old debt, very roughly in the area of € 230 million debt/nominal, and another € 200 million of interest. The old debt was in the focus when ČEZ made its investment decision in Albania, it looked like money that had just to be collected. The collection of old debt was therefore a core pillar for the ČEZ business in Albania. ČEZ Shperndarje had used an own debt collection process developed by external advisors, and we tried to apply it in operations in Albania. The operations were headed by our Sales Director, Mr. Ales Konrad.
- 5 The alternative was to sell the whole package of old debt. The ČEZ team in Albania was persuaded that it was unable to collect bigger parts of the old debt. However, there was no external debt collector with whom we had worked before, and we were reluctant to give the old debt totally out of hands because potentially rough collection methods could have caused a negative public perception of ČEZ Shperndarje and its "foreign investor". Also the Albanian side was insisting on the ability of an external company to collect the old debt in the name and for account of ČEZ Shperndarje. Therefore, we decided to only search for a debt collecting agent and to maintain a certain level of control over collections.
- 6 The management of ČEZ in Albania also led discussions with the ČEZ A.S. headquarters concerning the identification of the old debt. We needed to know the

26-10-2014



amount of the old debt claims against individual debtors, the identity and whereabouts of the debtors, and the probability of collection. The common conclusion was to contract an external agent for debt collection only if it would also be able to execute the debtor identification.

- 7 We discussed these issues with representatives of the Albanian Ministry of Economy, Trade, and Energy ("METE"). The Albanian government proposed to instruct somebody with sound knowledge of the Albanian business world.
- 8 Mr. Tepshi, at that time active Albanian ambassador in Prague, after discussions with his superior, the Minister of Foreign Affairs (Mr. Ilir Meta), performed his role as advisor of the Albanian government in its dealings with the ČEZ A.S. management of international operations in Prague. He recommended Mr. Kastriot Ismailaj as external debt collector and introduced him as close ally of the Minister of Foreign Affairs and the Prime Minister Berisha. This may have happened in autumn 2009.
- 9 In the process, I have entered the negotiations about this matter. Mr. Tepshi introduced Mr. Ismailaj in Tirana to me as a person having good connections to and the trust of the Minister of Foreign Affairs. ČEZ Shpermdarje treated Mr. Ismailaj as the "candidate" of the Albanian government to collect old Albanian electricity debt.
- 10 Mr. Ismailaj introduced himself as a debt collection specialist and a connoisseur of Albanian politics and business. Together with Mr. Ismailaj I also met Mr. Nepravishita, the (former) Chairman of the Board of Commissioners of ERE (the Albanian energy regulatory entity), and the Chairman's advisor of that time whose name is Mr. Petrit Ahmeti.

III. Pasut & Partners presentation

- 11 I do not know who drafted the "Pasut & Partners presentation". I obtained the presentation by or "on behalf" of Mr. Ismailaj. The e-mail of Mr. Andi Belliu of 17 May 2010 ČEZ Shpermdarje's lawyers showed me with the attached presentation "Implementation of Debt Collection of OSSH sh.a. Albania" looks like the correspondence I received.
- 12 As to the presentation, with today's knowledge, I can say that the presentation was a big lie. DIA lied about every single fact; they lied about the debt collection infrastructure and debt collection experience they allegedly had, the debt collection capacity and about the fact that they had offices in all parts of Albania.
- 13 The presentation was held by Mr. Ismailaj as a PowerPoint presentation with slides projected against the wall in either Tirana or Prague. I think that the presentation was

26-10-2014



held in both cities, Tirana and in Prague in June/July 2010. The audience were ČEZ Shperndarje managers, and very likely, there have been ČEZ Shperndarje Supervisory Council members and even ČEZ A.S. board members, but I do not recall exactly.

- 14 Mr. Ismailaj presented himself as a well-connected businessperson with contacts to high-ranking politicians in Albania and various debt collection experience in Africa and elsewhere.

IV. Shareholders of DIA

- 15 I do not know who the shareholders of DIA are. Being asked about that person by ČEZ Shperndarje's lawyers, I can say that I never heard about a certain Mr. Doering.
- 16 DIA told us upon request that it was a part of the worldwide operating company of "Debt Advisory International", "DAI". DAI was presented as a debt collection company with detailed expertise in countries comparable to Albania or even in Albania. I do not recall exactly. There was an American lady associated to Mr. Ismailaj's firm, Ms. Rebecca Gaskin. In some documents was used the name of a woman lawyer as "the responsible person", this was most likely Ms. Gaskin.

V. September Agreement

1. Contractual Purpose

- 17 We initially planned and negotiated a debt collection services agreement. Debt collection was the main driving idea. As I stated above, however, the idea of debtor identification also played a role from the outset.
- 18 On top level it was suggested that the project could fly only if OSSH (ČEZ Shperndarje) would obtain 100% of the principal and DIA is paid only and exclusively out of the collected interest. The majority of debts had interest accrued at 100% of the principal. Interest could not be higher than 100% of the main debt under Albanian law. This was the ČEZ Shperndarje position, not the concept of an individual person.
- 19 The ČEZ Shperndarje management duly informed ERE about this concept. We asked for ERE approval, but our request was not accepted. ERE referred to the fact that it is not the duty of the regulator to regulate the debt collection of a privately own company.
- 20 However, all involved persons in this subject knew that there were three crucial issues:

26-10-2014

