



CEZ GROUP



THE LEADER IN POWER MARKETS OF CENTRAL AND SOUTHEASTERN EUROPE

Equity story, June 2007



DISCLAIMER

Certain statements in the following presentation regarding CEZ's business operations may constitute "forward looking statements." Such forward-looking statements include, but are not limited to, those related to future earnings, growth and financial and operating performance. Forward-looking statements are not intended to be a guarantee of future results, but instead constitute CEZ's current expectations based on reasonable assumptions. Forecasted financial information is based on certain material assumptions. These assumptions include, but are not limited to continued normal levels of operating performance and electricity demand at our distribution companies and operational performance at our generation businesses consistent with historical levels, as well as achievements of planned productivity improvements and incremental growth from investments at investment levels and rates of return consistent with prior experience. Actual results could differ materially from those projected in our forward-looking statements due to risks, uncertainties and other factors. CEZ undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

In preparation of this document we used certain publicly available data. While the sources we used are generally regarded as reliable we did not verify their content. CEZ does not accept any responsibility for using any such information.



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CEZ GROUP STANDS APART FROM OTHER UTILITIES IN EUROPE

- The vision of CEZ is to be the leader in power markets in Central and Southeastern Europe
- The largest Czech corporation and the largest corporation among 10 new EU member states
- The best performing European utility stock with growth of >310% over the last 24 months, with wide international shareholder base
- Leading position in Central European power markets, practically 2nd biggest exporter of power in Europe
- Vertically integrated in the Czech Republic – from mining (45% market share) through generation (74%) to distribution (62%) and supply (53%)
- Distribution and supply in Bulgaria (42% market share) and Romania (17%)
- Generation in Poland – Power Plants Elcho (238MW) and Skawina (592MW) and in Bulgaria – Power Plant Varna (1,260MW)



CEZ GROUP OFFERS SOME EXCEPTIONAL FEATURES TO EQUITY INVESTORS

Key features	Rationale
<ul style="list-style-type: none">▪ Strong financial performance	<ul style="list-style-type: none">▪ EBITDA margin 40% (generation mix, growth potential)
<ul style="list-style-type: none">▪ Dynamic profit growth expected to continue	<ul style="list-style-type: none">▪ Growing power prices and consumption, efficiency improvements and synergies
<ul style="list-style-type: none">▪ Vertically integrated	<ul style="list-style-type: none">▪ Stable performance once prices converge
<ul style="list-style-type: none">▪ Robust balance sheet	<ul style="list-style-type: none">▪ Strong cash flow and very low level of debt
<ul style="list-style-type: none">▪ Management fully focused on financial performance	<ul style="list-style-type: none">▪ Group restructuring, aggressive performance targets
<ul style="list-style-type: none">▪ Dividend policy targets 40-50 % payout	<ul style="list-style-type: none">▪ 41% pay out ratio in 2005
<ul style="list-style-type: none">▪ International corporate governance practices	<ul style="list-style-type: none">▪ Under scrutiny of equity brokers, institutional investors, financial advisors and rating agencies (S&P, Moody's)
<ul style="list-style-type: none">▪ Increasing exposure to attractive regions of 1st and 2nd EU convergence zone	<ul style="list-style-type: none">▪ Central and Southeastern Europe



CEZ GROUP WILL CONTINUE TO IMPROVE ITS PERFORMANCE FASTER THAN OTHERS

	2006	2007 and beyond	Long term
With current capital	<ul style="list-style-type: none">Wholesale price growth, stable fuel costsTransformation savingsSavings in CO₂ emissionsImprovements in last acquisitions	<ul style="list-style-type: none">Wholesale price convergence, stable fuel costsHigher utilization of plantsBest practice savings (across segments)Favorable regulation	<ul style="list-style-type: none">Stable fuel costs
With additional capital	<ul style="list-style-type: none">Consolidation of latest acquisitions (Poland, Varna)	<ul style="list-style-type: none">New acquisitionsIncreased nuclear capacityRenewables	<ul style="list-style-type: none">Upgrade of Czech generation fleetGreen/Brown field generation projects abroadAdditional nuclear units



CEZ GROUP IS AN INTERNATIONAL UTILITY WITH STABLE POSITION IN DOMESTIC MARKET AND GROWING PORTFOLIO IN CEE

- Asset positions
- Target markets
- Trading office

CEZ Group in Poland

(75% share in Skawina, 89% in Elcho)

Electricity sales netto (TWh)	3.9
Market share	2.4%*
Installed capacity (MW)	830
Market share	2.3%
Number of employees	751
Sales (EUR million)	185

CEZ Group in Romania

(51% share in EDC Oltenia)

Electricity sales netto (TWh)	3.9
Number of customers (million)	1.37
Market share	17%*
Number of employees	3,007
Sales (EUR million)	367

CEZ Group in the Czech Republic

Electricity sales netto (TWh)	59.3
Number of customers (million)	3.46
Market share	62%
Installed capacity (MW)	12,302
Market share	70%
Number of employees	21,885
Sales (EUR million)	4,708

CEZ Group in Bulgaria

(67% shares in 3 EDCs, 100% in TPP Varna)

Electricity sales netto (TWh)	8.2+2.7
Number of customers (million)	1.94
Market share	42%*
Installed capacity (MW)	1,260
Market share	11%*
Number of employees	4,653+851
Sales (EUR million)	431+89

Note: IFRS 2006,
 Note: Exchange rate CZK/EUR = 28.343
 * data from year 2005



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CEZ IS A STRONG AND VERTICALLY INTEGRATED PLAYER ON THE CZECH ELECTRICITY MARKET

	Lignite mining	Generation	Transmission	Distribution	Supply
CEZ	46% 22.5 million tons	73.5% 62.0 TWh	100% 62 TWh	5 out of 8 distribution companies 62% of customers	53.4% 32 TWh
Others	54% 26 million tons	26.5% 22.3 TWh		38% of customers	46.6% 28 TWh

- CEZ fully owns the largest Czech mining company (SD) covering 60% of CEZ's lignite needs
- Remaining 2 coal mining companies are privately owned

- Other competitors – individual IPPs

- The Czech transmission grid is owned and operated by CEPS, 100% owned by the Czech state



- Other competitors – E.ON, RWE/EnBW



VISION OF THE CEZ GROUP IS TO BE THE LEADER IN POWER MARKETS IN CENTRAL AND SOUTHEASTERN EUROPE

Our vision
The leader
in power
markets in
the Central
and South-
Eastern Europe

Business focus

- Integrated utility focused on power generation, distribution and supply
- Present in related businesses where relevant (coal mining, heat generation)

Priority initiatives

- **Czech Republic**
 - maintain strong hedged position
 - achieve operational excellence to be replicated across the group
 - renewal of plant portfolio
- **Central and South Eastern Europe**
 - build strong hedged position through acquisitions
 - integrate into the Group







Brand equity

- Czech champion on the international energy markets



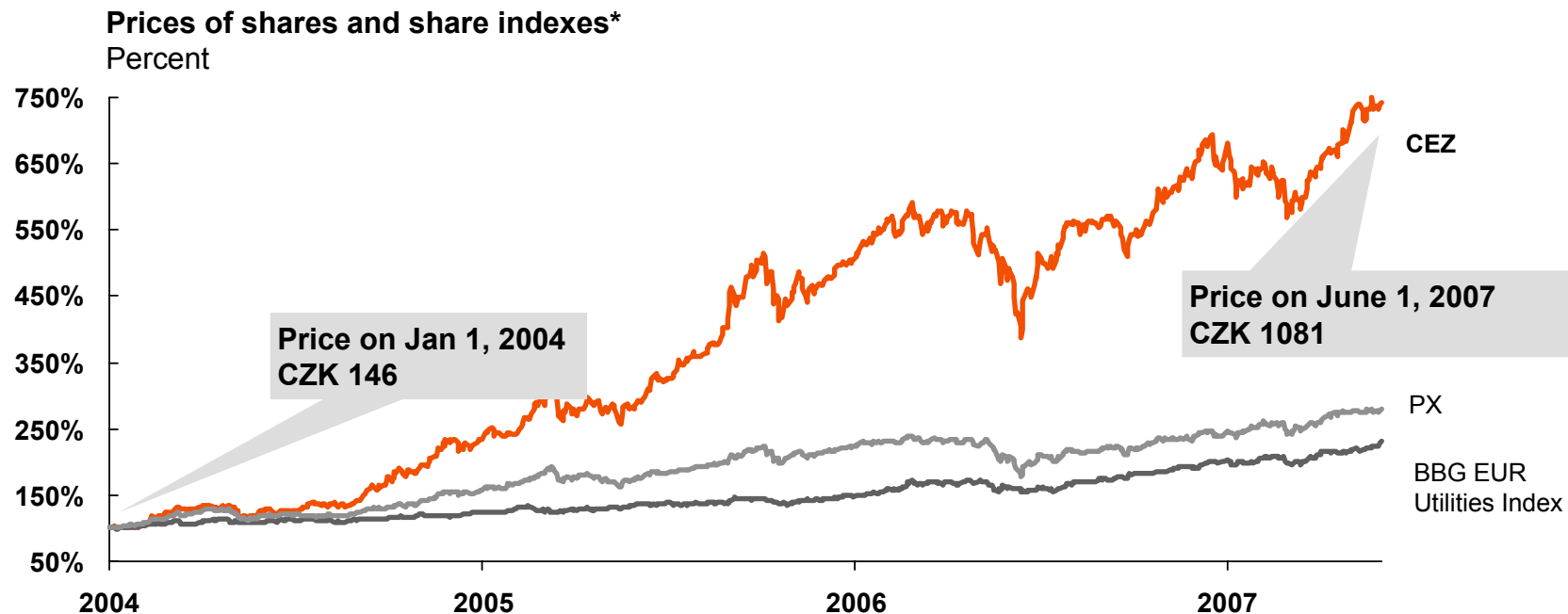
NEW MANAGEMENT TEAM IS DETERMINED TO FULFILL THE MISSION

Management team of CEZ Group

	CFO	CEO	COO	Generation	Distribution	HR	Trade	Administration
								
	Petr Vobořil	Martin Roman	Daniel Beneš	Jiří Borovec	Tomáš Pleskač	Zdeněk Pasák	Alan Svoboda	
Responsibility	<ul style="list-style-type: none"> Treasury Accounting Planning/controlling 	<ul style="list-style-type: none"> M&A 	<ul style="list-style-type: none"> Generation Distribution HR Trade Administration ICT 	<ul style="list-style-type: none"> Conventional generation Nuclear generation New projects 	<ul style="list-style-type: none"> Distribution Foreign equity participations Integration 	<ul style="list-style-type: none"> Human Resources Internal Communication 	<ul style="list-style-type: none"> Trading Sales and marketing Customer services Business dev. 	<ul style="list-style-type: none"> Domestic Equity participations Procurement Coal mining
Credentials	<ul style="list-style-type: none"> Top management positions in CEZ, including CEO 	<ul style="list-style-type: none"> CEO of Škoda holding in Plzeň CEO of US-owned Janka Lennox 	<ul style="list-style-type: none"> Top management positions in CEZ Head of Sales Bohemia coal Plant director Tchas Director Hedviga Group 	<ul style="list-style-type: none"> CEO of Škoda Nuclear division CEO ABB Service Czech Republic 	<ul style="list-style-type: none"> Top management positions within the CEZ Group 	<ul style="list-style-type: none"> Managing Partner Madsen & Taylor Consulting Senior Consultant and International Partner Group Helmut Neumann Int. 	<ul style="list-style-type: none"> Partner in McKinsey & Company responsible for energy sector CFO in regional power distributor 	
Since	<ul style="list-style-type: none"> 1980 	<ul style="list-style-type: none"> 2004 	<ul style="list-style-type: none"> 2004 	<ul style="list-style-type: none"> 2005 	<ul style="list-style-type: none"> 1993 	<ul style="list-style-type: none"> 2006 	<ul style="list-style-type: none"> 2004 	



CEZ STOCK HAS SIGNIFICANTLY OUT-PERFORMED THE CZECH MARKET AS WELL AS EUROPEAN UTILITIES



CEZ shares are among the most liquid on the Prague Stock Exchange

- **Average daily volume in Q1 2007**
 - CZK 1.6 billion
 - 1.7 million pieces
 - 0.82% of the free float

Listed on WSE since October 25, 2006

CEZ shares are part of the following main indices

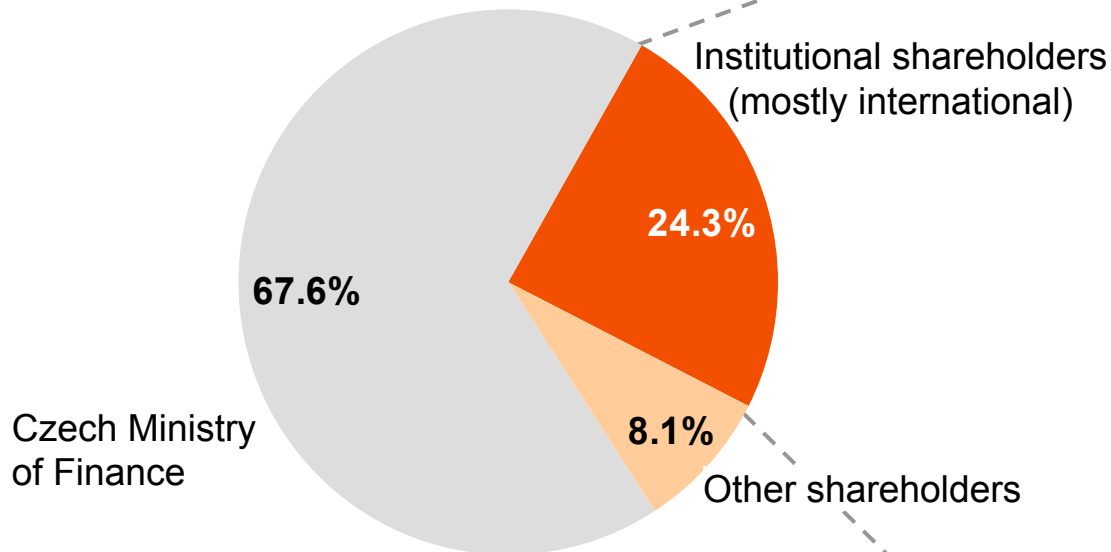
- PX – Prague Stock Exchange
- CTX – Wiener Borse
- CETOP 20 – Budapest Exchange
- STOXX EU Enlarged – Dow Jones
- WIG20 – Warsaw Stock Exchange

* Indexed to Jan 1, 2004



CEZ GROUP ATTRACTED MANY INTERNATIONAL SHAREHOLDERS

Shareholders of CEZ, a. s.
As of December 31, 2006



Types of funds investing in CEZ shares

- Utilities
- Emerging markets
- Hedge

Increasing share

Examples of large foreign investors

- Fidelity
- Baring AM
- Barclays Global
- Charlemagne Capital
- Credit Suisse Life & Pensions
- J. P. Morgan
- Raiffeisen
- DWS
- Pioneer
- Morgan Stanley
- UBS



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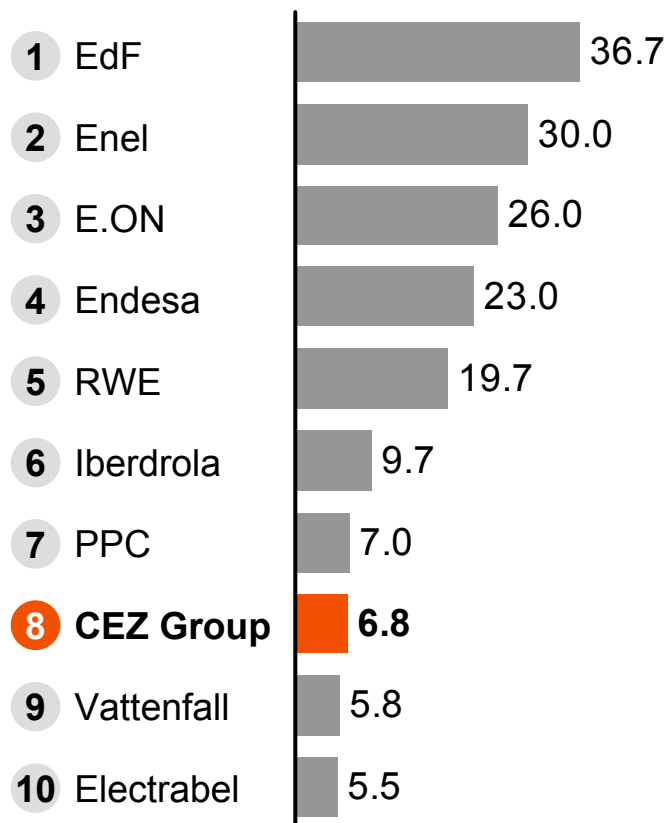
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CEZ IS AMONG TOP 10 EUROPEAN POWER UTILITIES

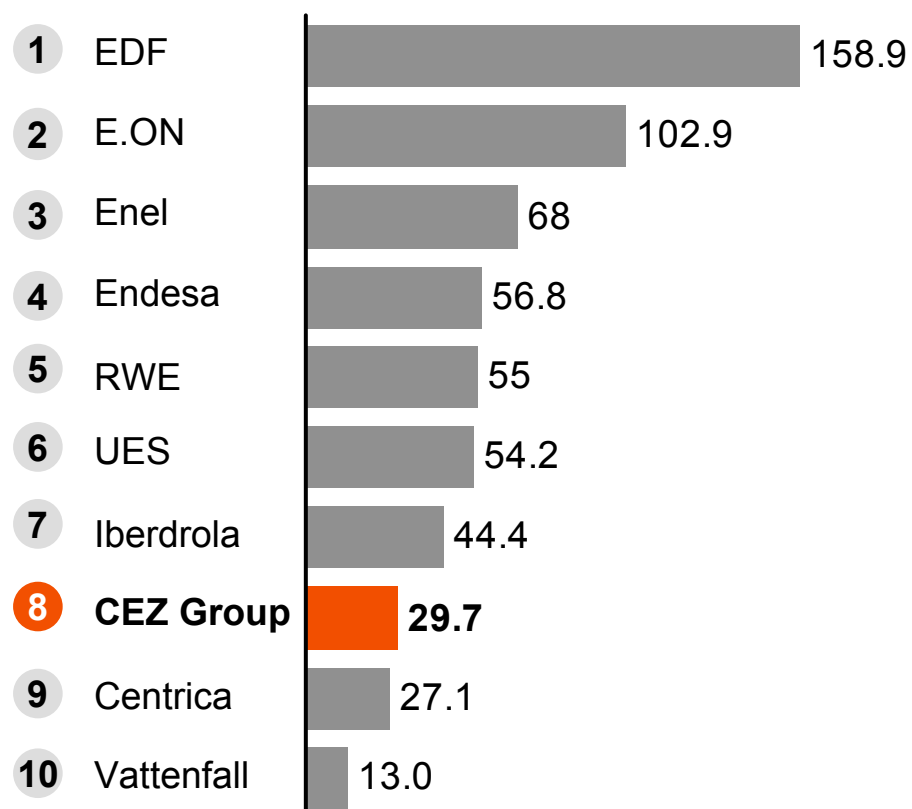
Top 10 European power utilities

Number of customers in Europe, million



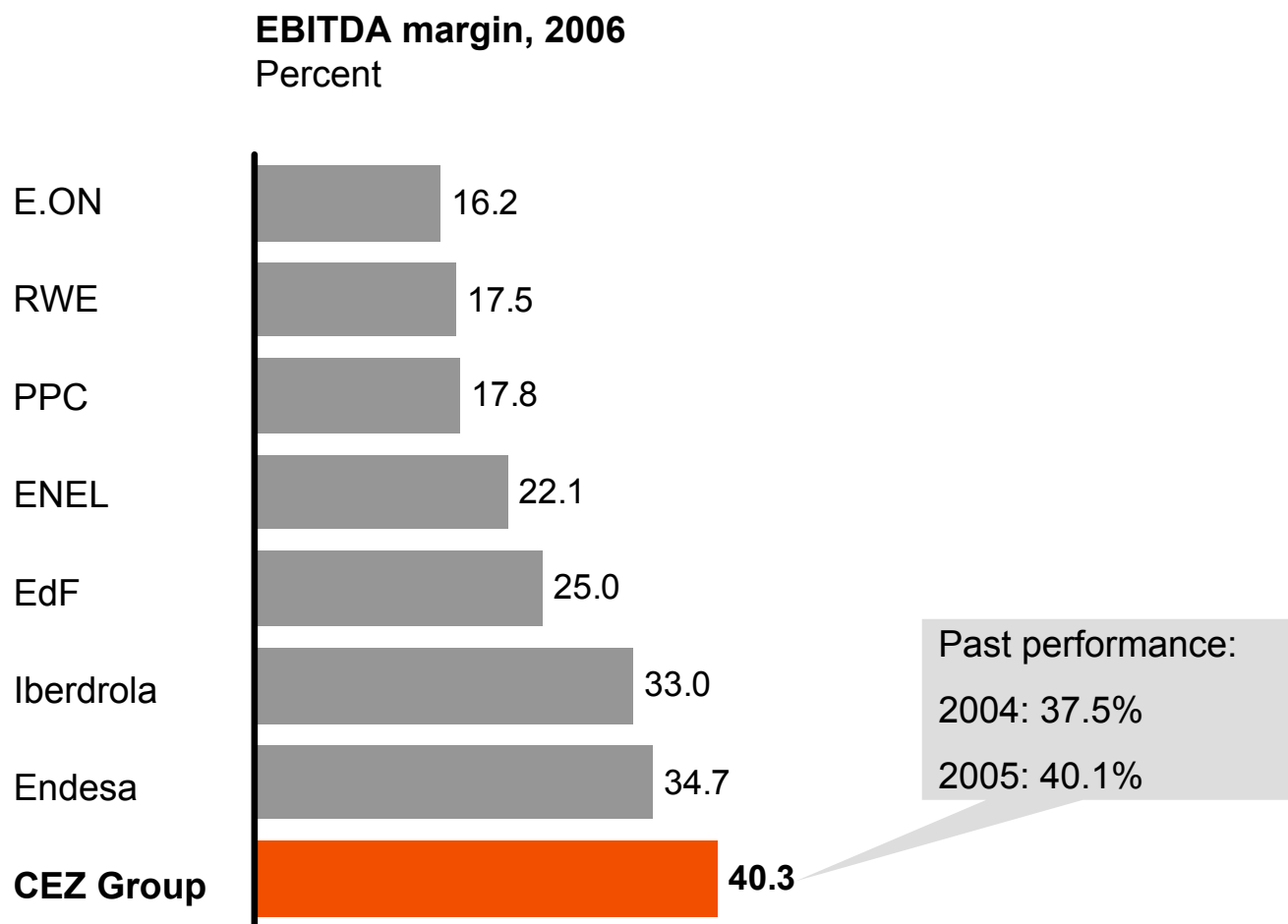
Top 10 European power utilities

Market capitalization, USD bn, as of May 4, 2007





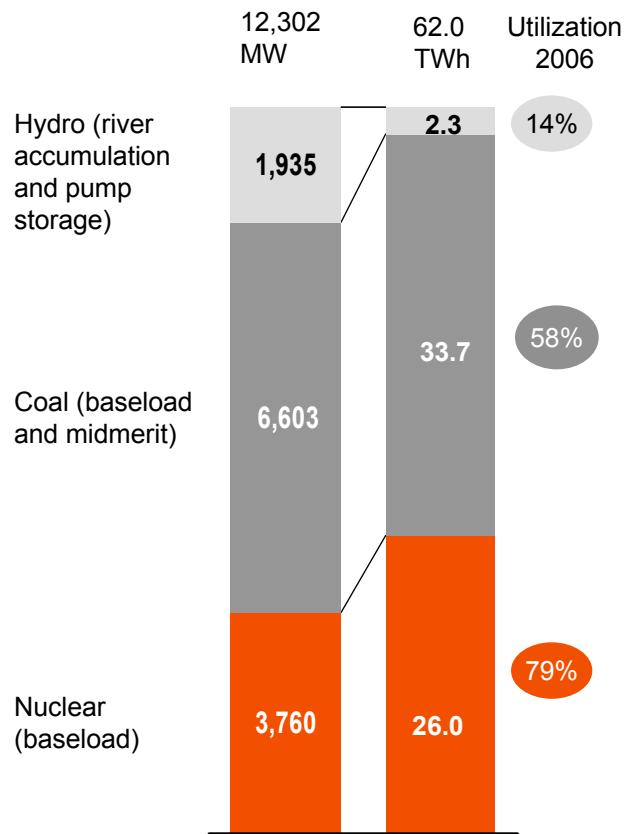
... AND IS THE MOST PROFITABLE UTILITY IN EUROPE MEASURED BY EBITDA MARGIN



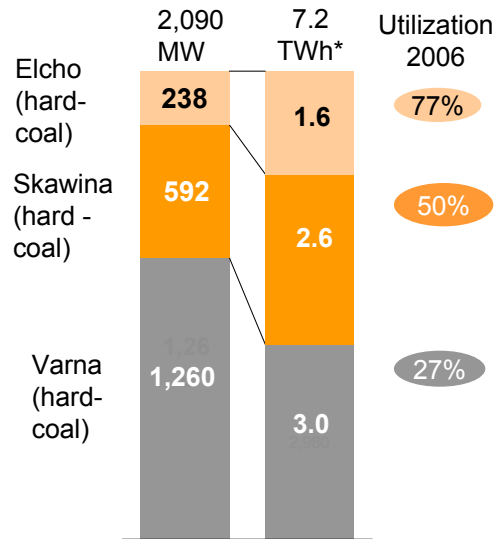


THE MAIN COMPETITIVE ADVANTAGE OF CEZ GROUP IS DOMESTIC LOW COST GENERATION FLEET

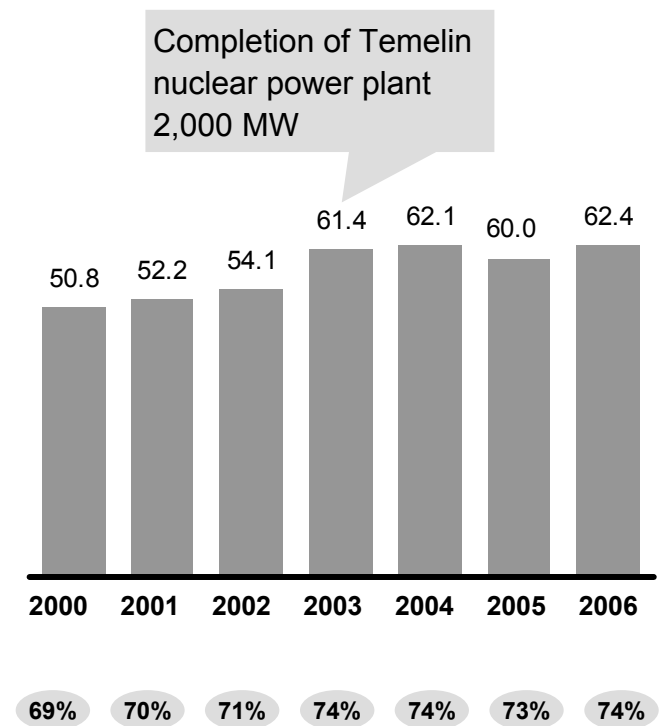
CEZ Group generation (2006)
In CR



Abroad



Annual production of CEZ Group in CR
TWh



Share in power production in the Czech Republic

* Annual production. In consolidation included generation volume only from the acquisition date



CEZ GROUP WILL MAINTAIN LONG-TERM COMPETITIVE ADVANTAGE IN GENERATION COSTS

Sources of long-term competitive advantage: Low and relatively stable generation costs

■ Conventional generation

- Long term framework agreement for lignite deliveries until 2050 for >90% of consumption; firm contracts till 2015
- Lignite Prices change only as a fraction of electricity price and inflation changes
- Large share of supplies from own mines (~ 60% of lignite)
- Increased efficiency after plant portfolio renewal and maintenance cost reduction

■ Nuclear generation

- Projected lifetime till 2027 and 2042 (Temelin)
- Further extension technically feasible and likely to be granted
- Increased capacity of Dukovany (~10% or 165 MW) after turbine upgrades and increase of the reactor's thermal output
- Increased capacity of Temelin (~4% or 80 MW) after turbine rotor upgrades



CEZ GROUP MAINTAINS VERY STRONG DYNAMICS IN PROFIT GROWTH

EBIT of CEZ Group
EUR millions

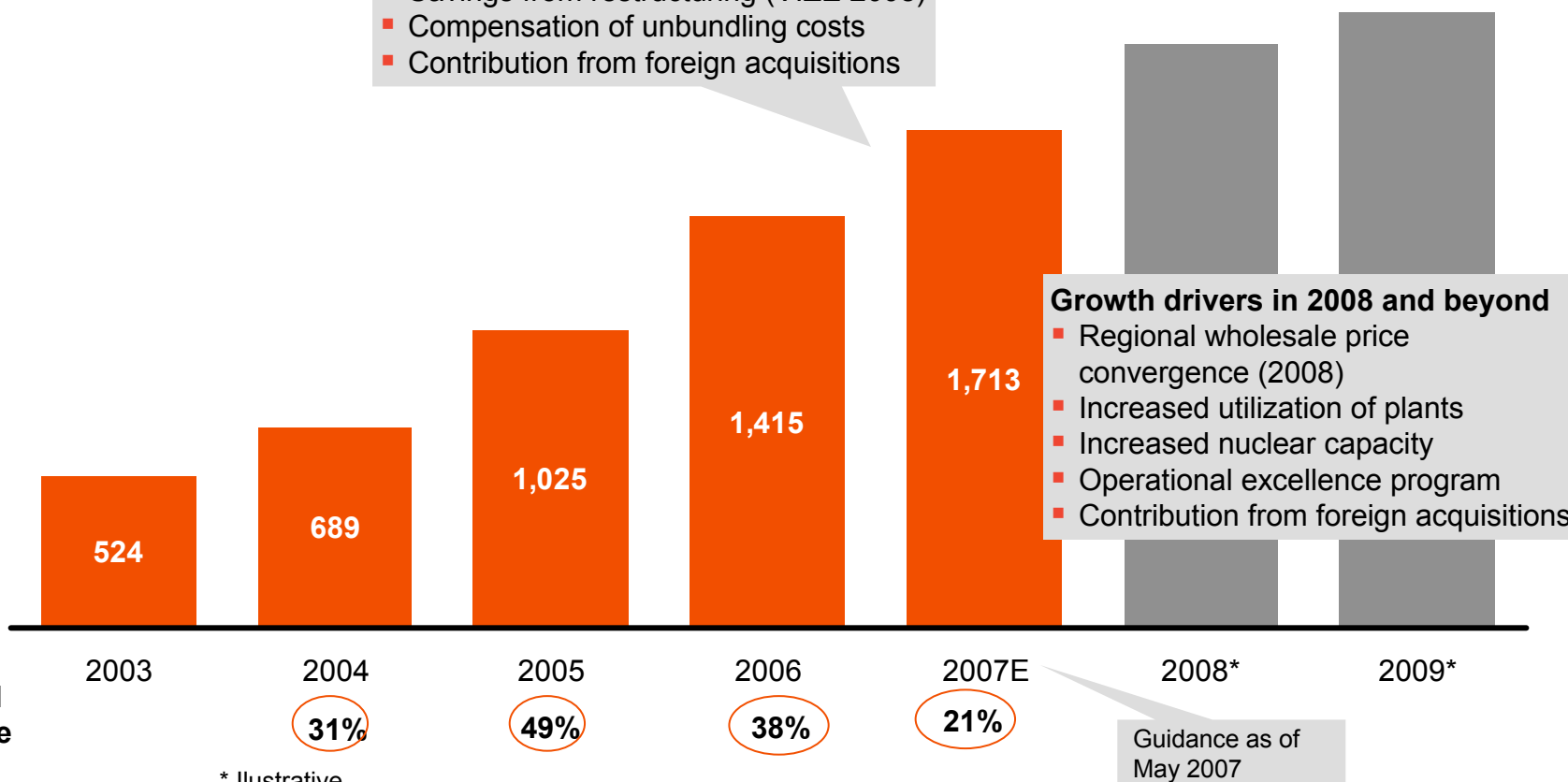
Growth drivers in 2007

- Wholesale price increase
- Higher generation volumes
- Savings from restructuring (VIZE 2008)
- Compensation of unbundling costs
- Contribution from foreign acquisitions

Growth drivers in 2008 and beyond

- Regional wholesale price convergence (2008)
- Increased utilization of plants
- Increased nuclear capacity
- Operational excellence program
- Contribution from foreign acquisitions

Annual increase

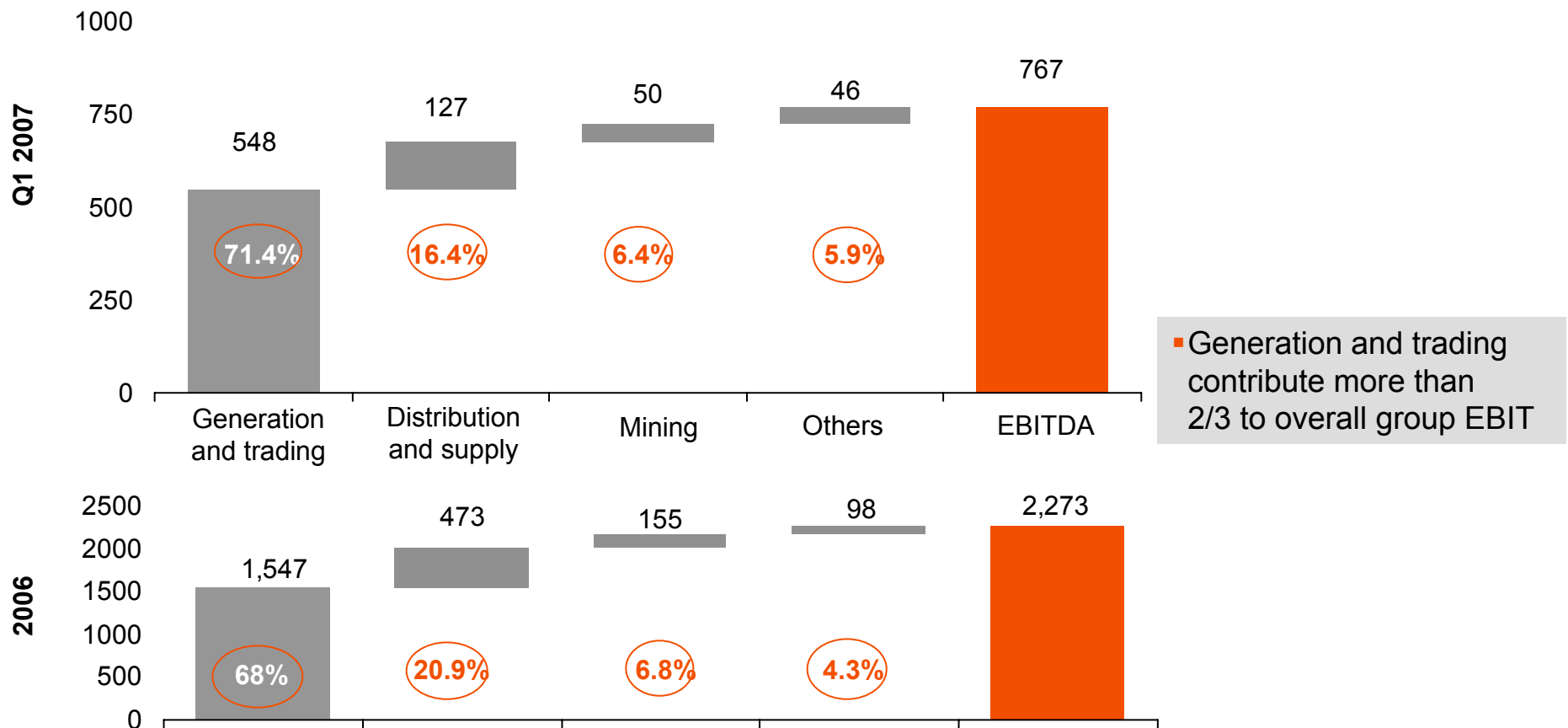




CEZ GROUP PROFITABILITY IS DRIVEN BY GENERATION AND TRADING

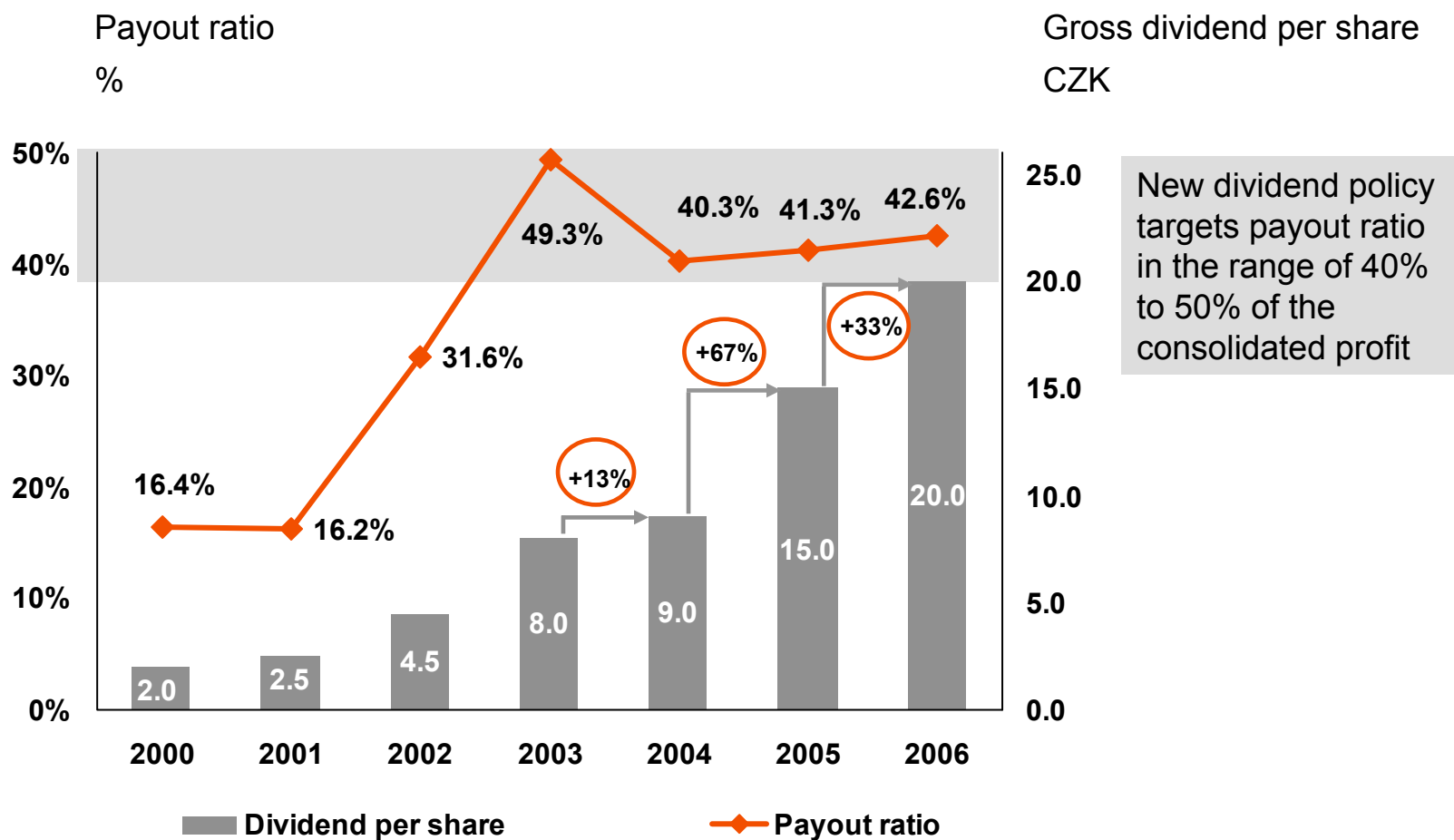
EBITDA contribution in 2006 and Q1 2007

EUR m





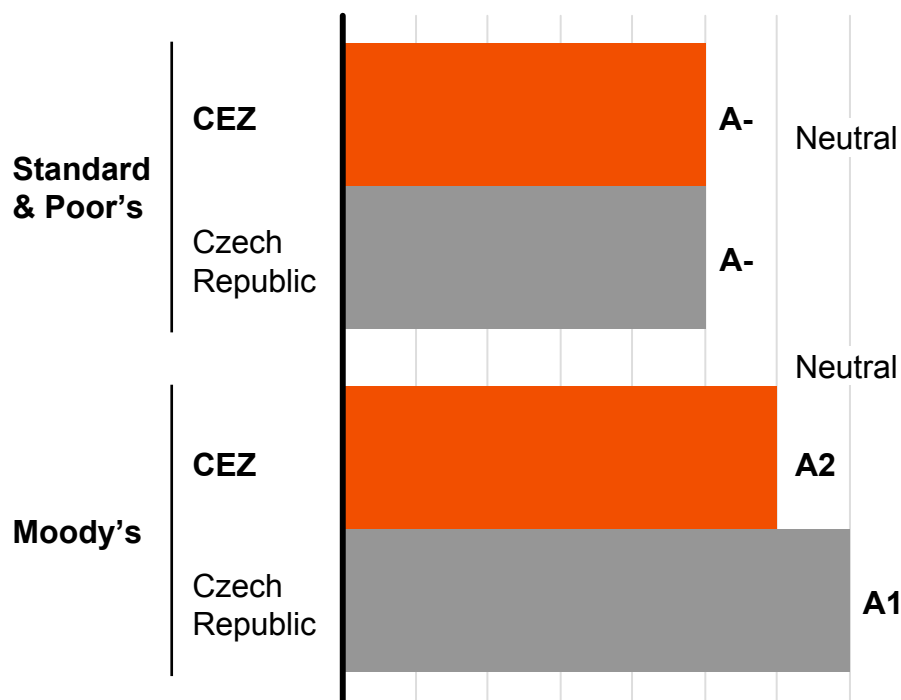
CEZ HAS SIGNIFICANTLY INCREASED ITS DIVIDENDS IN THE LAST YEARS





CEZ MAINTAINS VERY STRONG CREDIT RATING

Credit rating of CEZ and Czech Republic

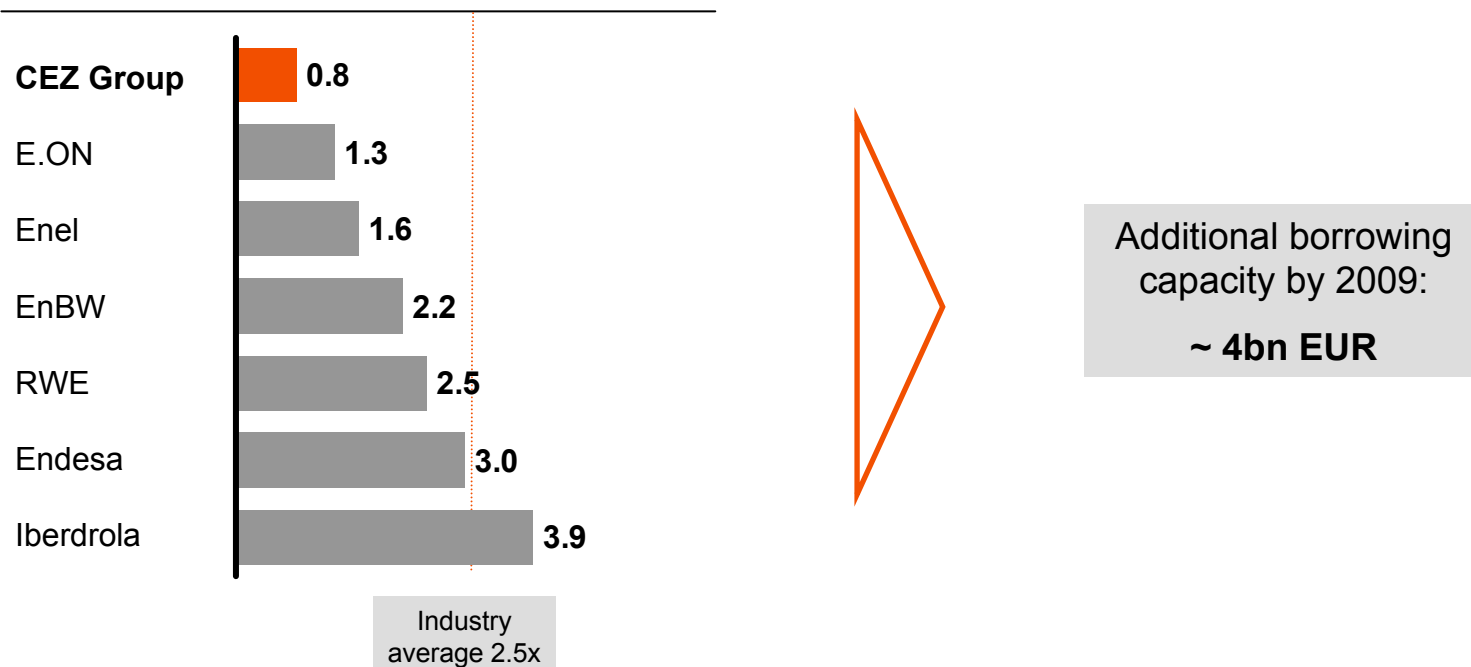


- CEZ has high credit rating just below the country risk
- CEZ has been first rated company in former Eastern Europe (1994)
- CEZ has been first and one of the largest corporate bond issuers in CEE
- CEZ is committed to maintaining its strong credit rating



CEZ GROUP IS THE LEAST INDEBTED UTILITY IN EUROPE WITH STRONG ADDITIONAL BORROWING CAPACITY

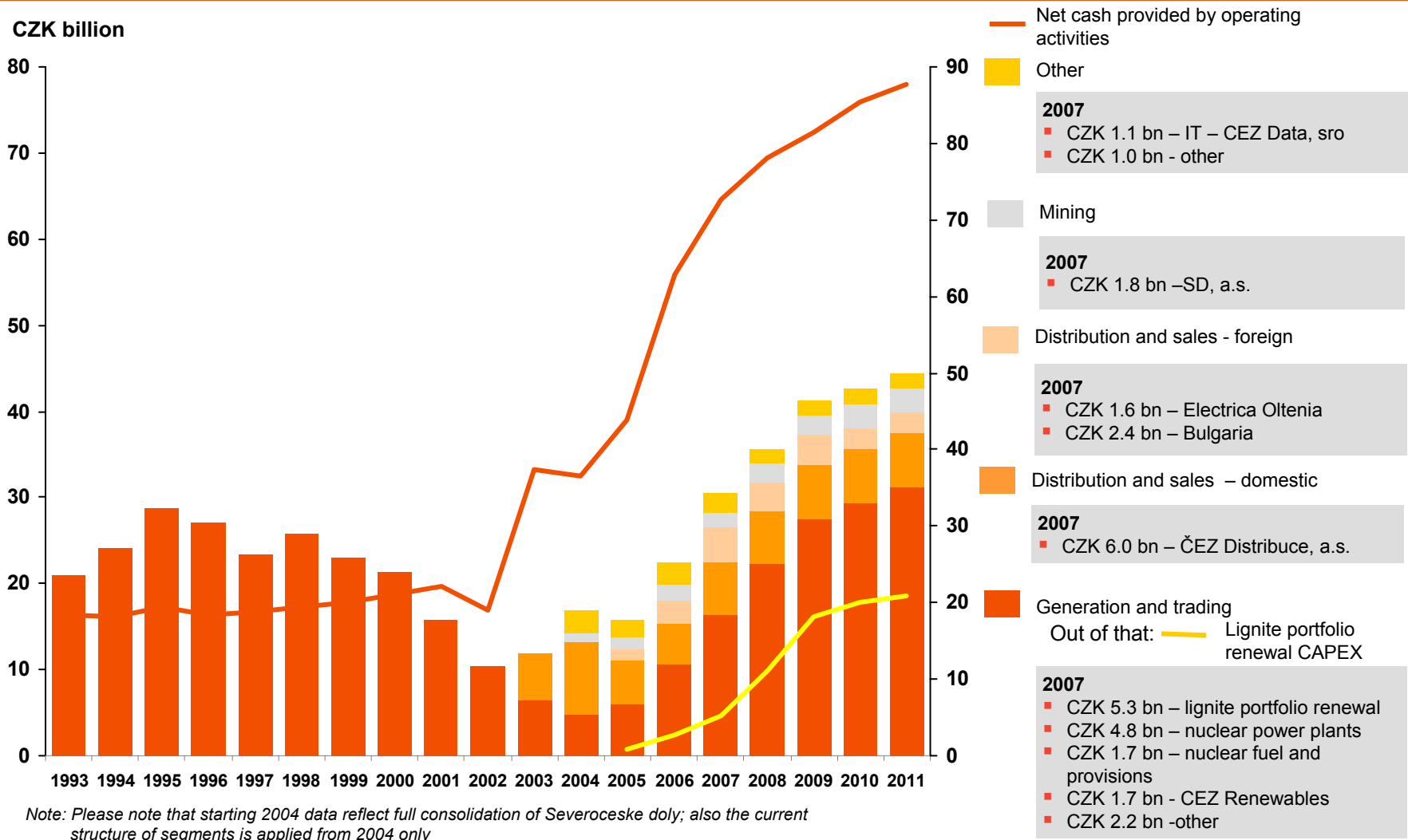
Debt/ EBITDA Multiples, 2006



- Additional borrowing capacity may be used to finance recent acquisitions
- CEZ management committed to reach optimal capital structure
- The commitment evidenced with dividend policy modification in 2006 as well as ongoing share buy back program



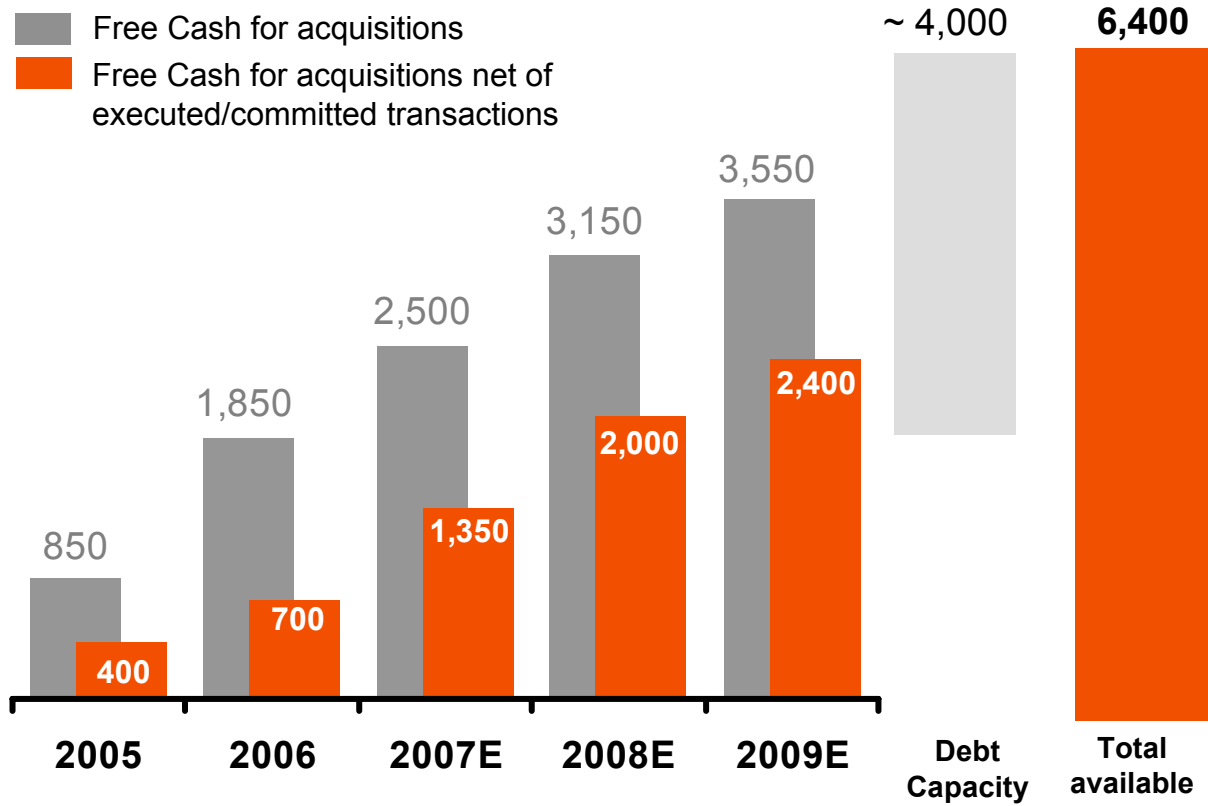
CEZ GROUP GENERATES LARGE OPERATING CASH-FLOW IN EXCESS OF INVESTMENT NEEDS





CEZ GROUP HAS VERY STRONG FREE CASH-FLOW THAT, COMBINED WITH ADDITIONAL BORROWING CAPACITY, CAN BE USED TO FINANCE INTERNATIONAL GROWTH UP TO EUR 6.4 BILLION

Free cash flow of CEZ Group (cumulative) EUR million



CEZ Group can finance foreign acquisitions in the next 3-5 years from free cash flow up to EUR 6,400 millions without impacting

- Dividend payments (40% - 50% pay out ratio)
- Budgeted CAPEX



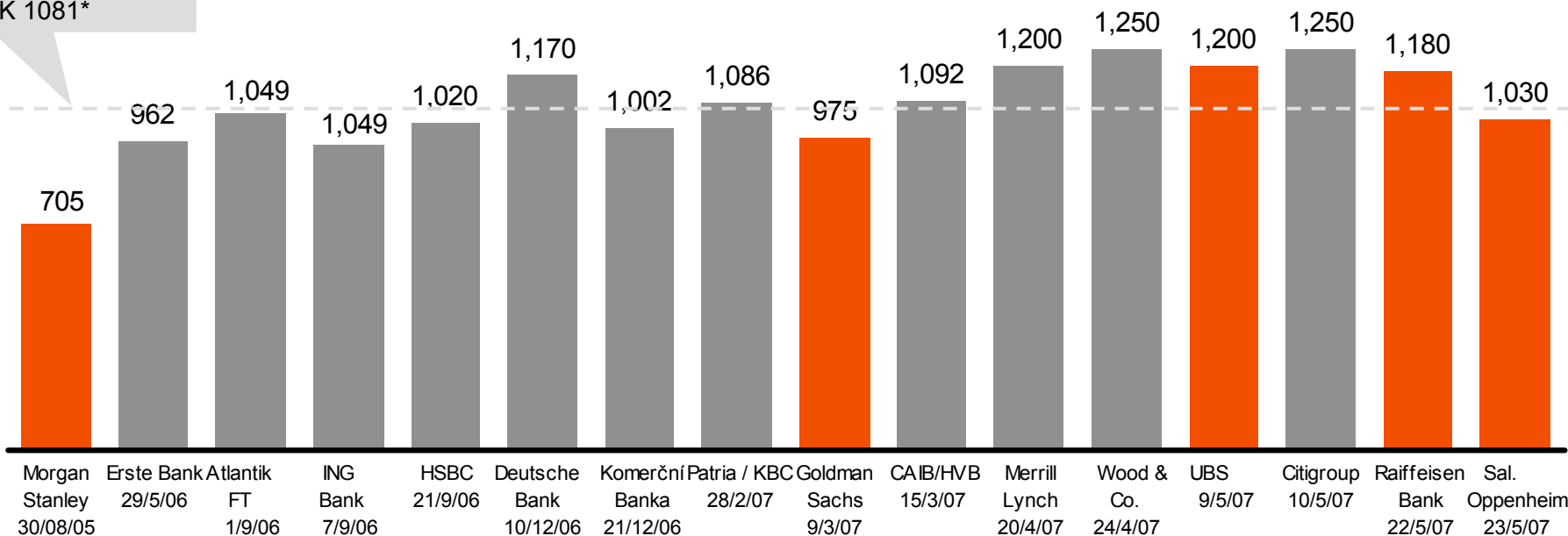
ANALYSTS MAINTAIN POSITIVE VIEW ON CEZ GROUP PERFORMANCE

Target share price

CZK, ranked by date of issue

■ Utilities analysts

Current share price
CZK 1081*



Recommendation:



* June 1, 2007

Note: Some of the analysts use different rating for recommendations and/or apply different meaning to target price

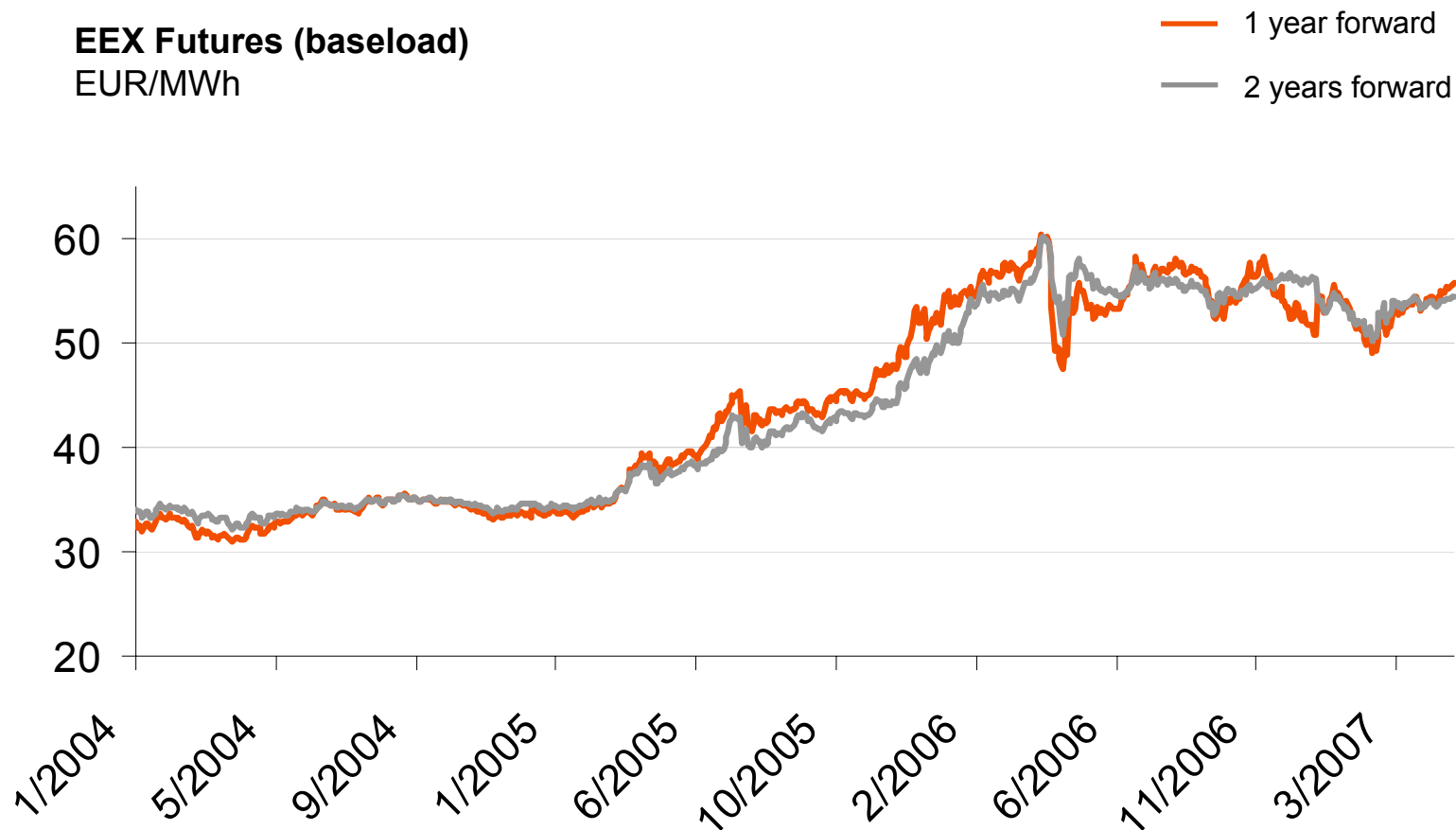


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GERMAN POWER PRICES AS A BENCHMARK FOR THE REGION CONTINUE INCREASING



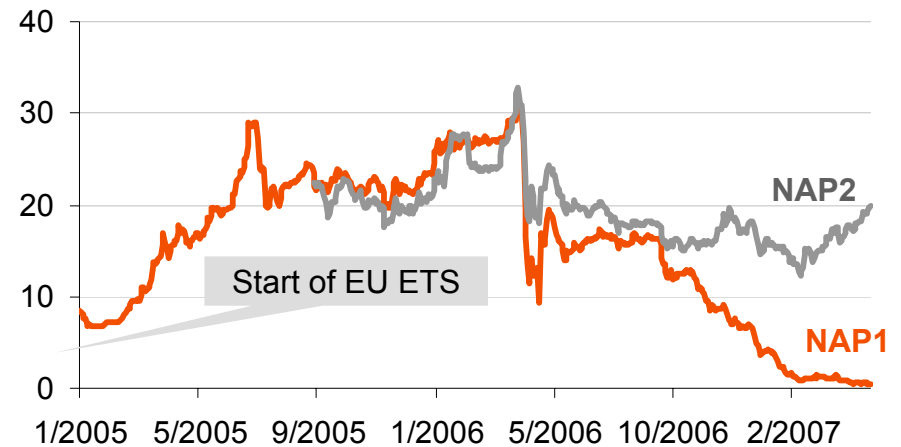


GERMAN PRICES ARE DRIVEN BY GROWING OIL PRICES, CO₂ ALLOWANCES AND SUPPLY DEMAND SQUEEZE

Brent oil
USD / bl



CO₂ allowances
EUR/t



Additional factor

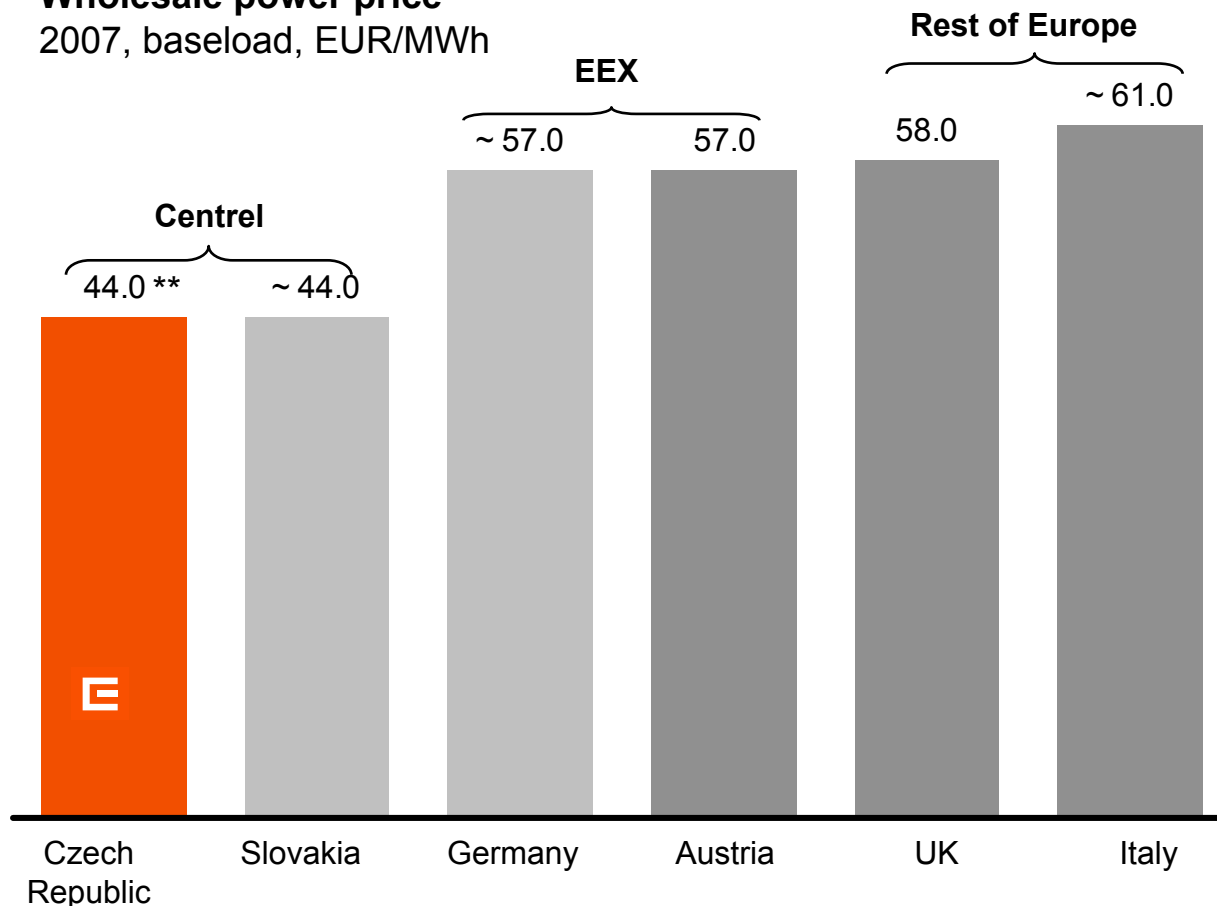
Supply / Demand
Squeeze

- CO₂ allowances were distributed to emitters for free in volume believed to be lower than required
- Market price of CO₂ allowances reflects the extra costs of emissions saving (fuel switching, new technologies, ...)
- Market price of CO₂ de facto represents additional variable (opportunity) cost



WHOLESALE PRICES IN THE CZECH REPUBLIC ARE STILL AMONG THE LOWEST IN THE REGION

Wholesale power price*
2007, baseload, EUR/MWh



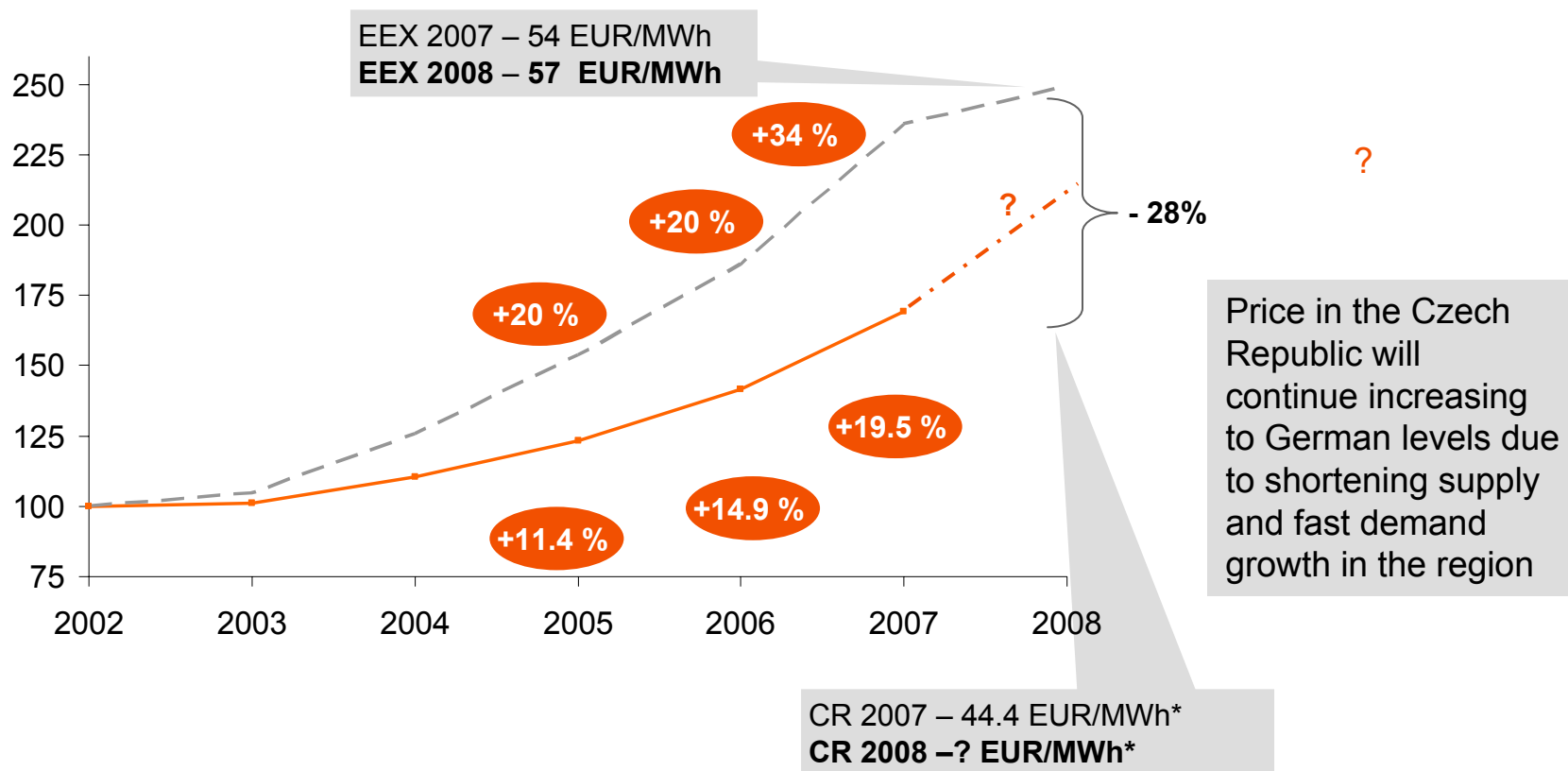
* Comparing 2007 forward price as of 2006, assuming CZK/EUR 28.30, GBP/EUR 1.48

** 2007 baseload price settled at CEZ Wholesale Power Auction in August 2006. Significant portion of CEZ 2007 volume was sold there.



CZECH WHOLESALE PRICES ARE LINKED TO INCREASING GERMAN PRICES

Wholesale power price (baseload)
2002 index

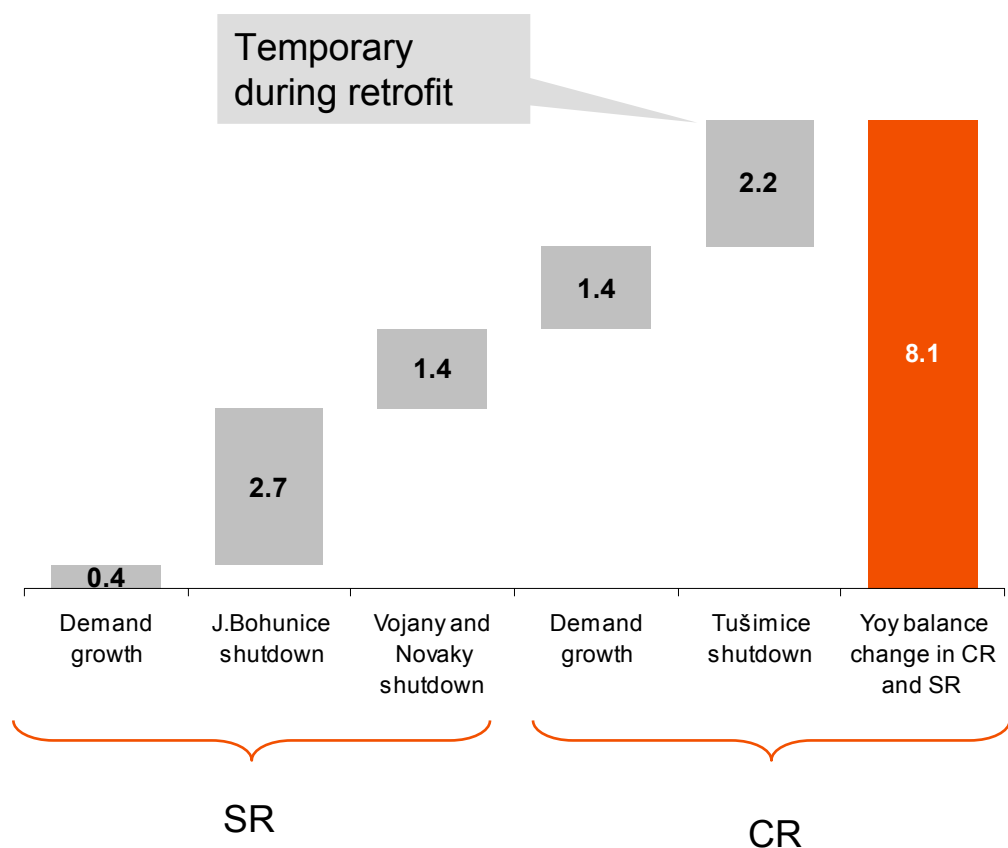


* Exchange rate CZK / EUR 28.00



FAST DEMAND GROWTH ALONG WITH SIGNIFICANT POWER CAPACITY DECOMMISSIONING WILL RESULT IN 8 TWH DEFICIT THIS YEAR

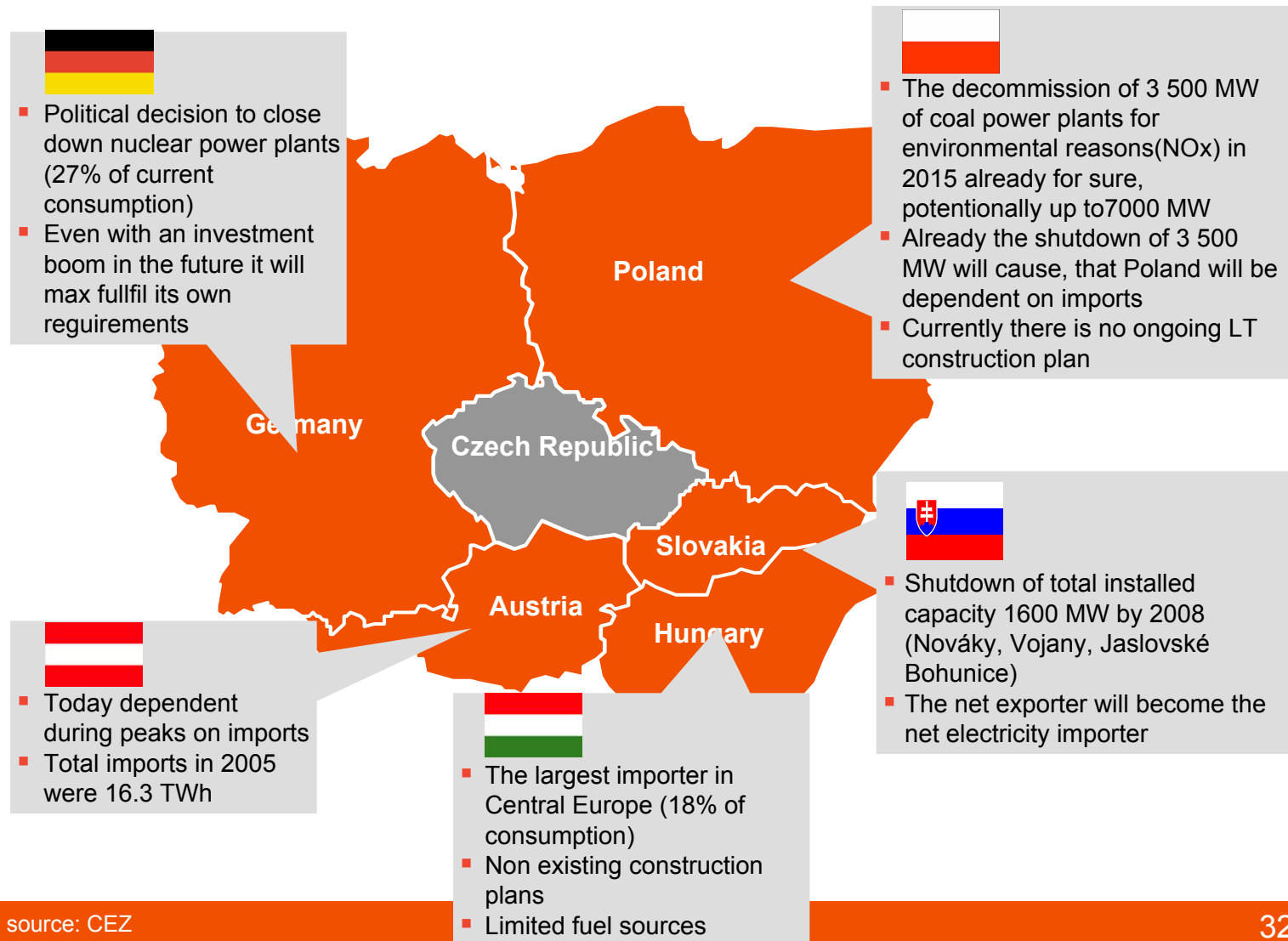
Yoy change of power balance in CR and SR TWh



- Elimination of deficit of >8 TWh (approx. 11% CR demand) possible only via
 - imports or
 - initiation of expensive units (till now reserved)
- Both will have a strong impact on regional wholesale price development



THE CR IS THE LAST COUNTRY IN THE REGION WITH AN EXISTING GENERATION SURPLUS

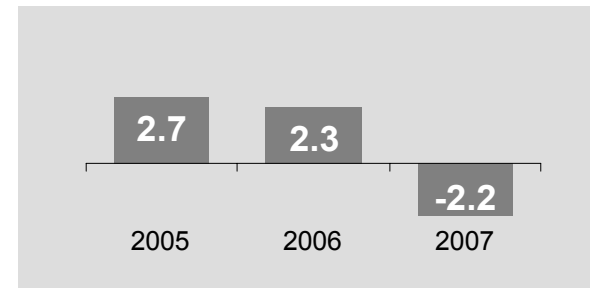




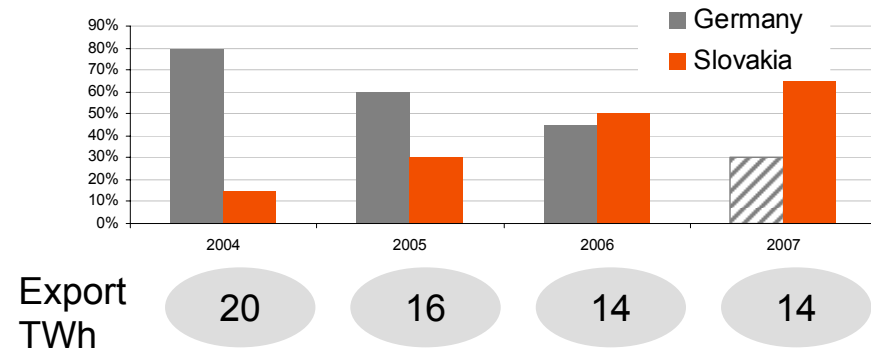
CEZ WILL MOVE MOST OF ITS EXPORTS TO SLOVAKIA AND HUNGARY



Slovak import / export power balance



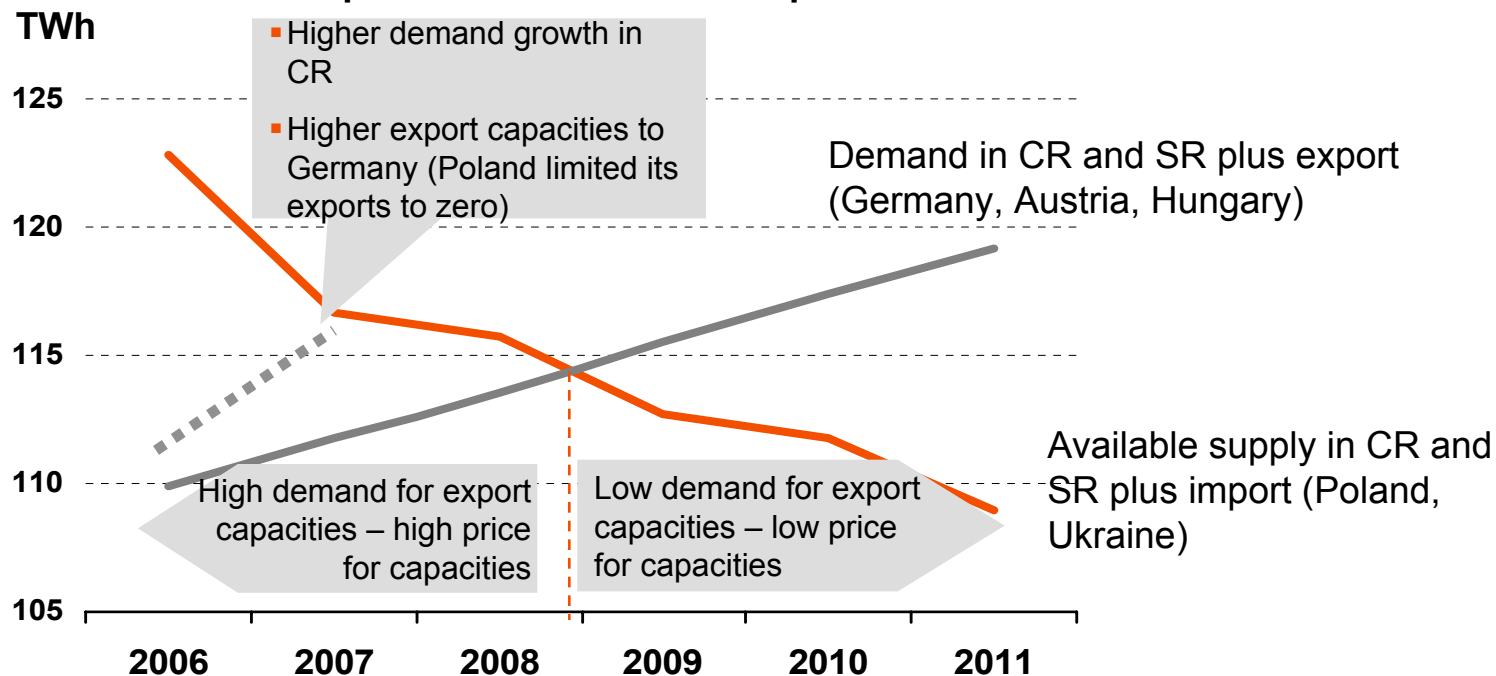
CEZ's power export structure in %





EXPORT CAPACITY PRICE SITUATION INDICATES THAT SUPPLY DEMAND DEVELOPMENT WILL EXCEED EXPECTATIONS – CAPACITY PRICE DECREASED FROM 12.5 EUR/MWH TO 5.0 EUR/MWH AND FELL TO 1-2 EUR IN MONTHLY AUCTIONS

Czech and Slovak power market balance - updated

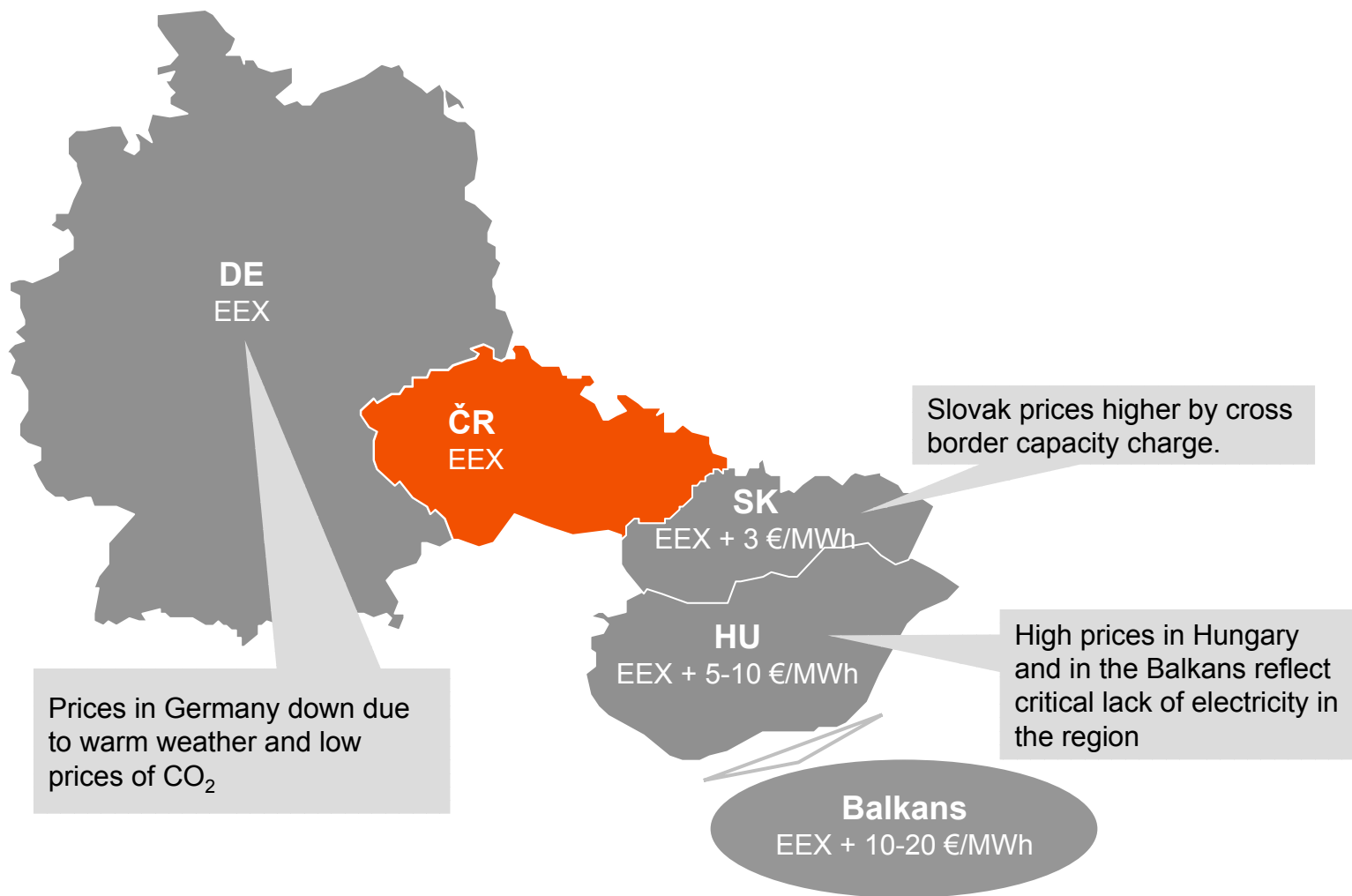


- Starting 2008/9 Czech export capacities will not be fully utilized due to lack of available electricity
- Prices will converge to one level determined by EEX

* Assumptions: consumption growth 2.1%, 5% reserve margin

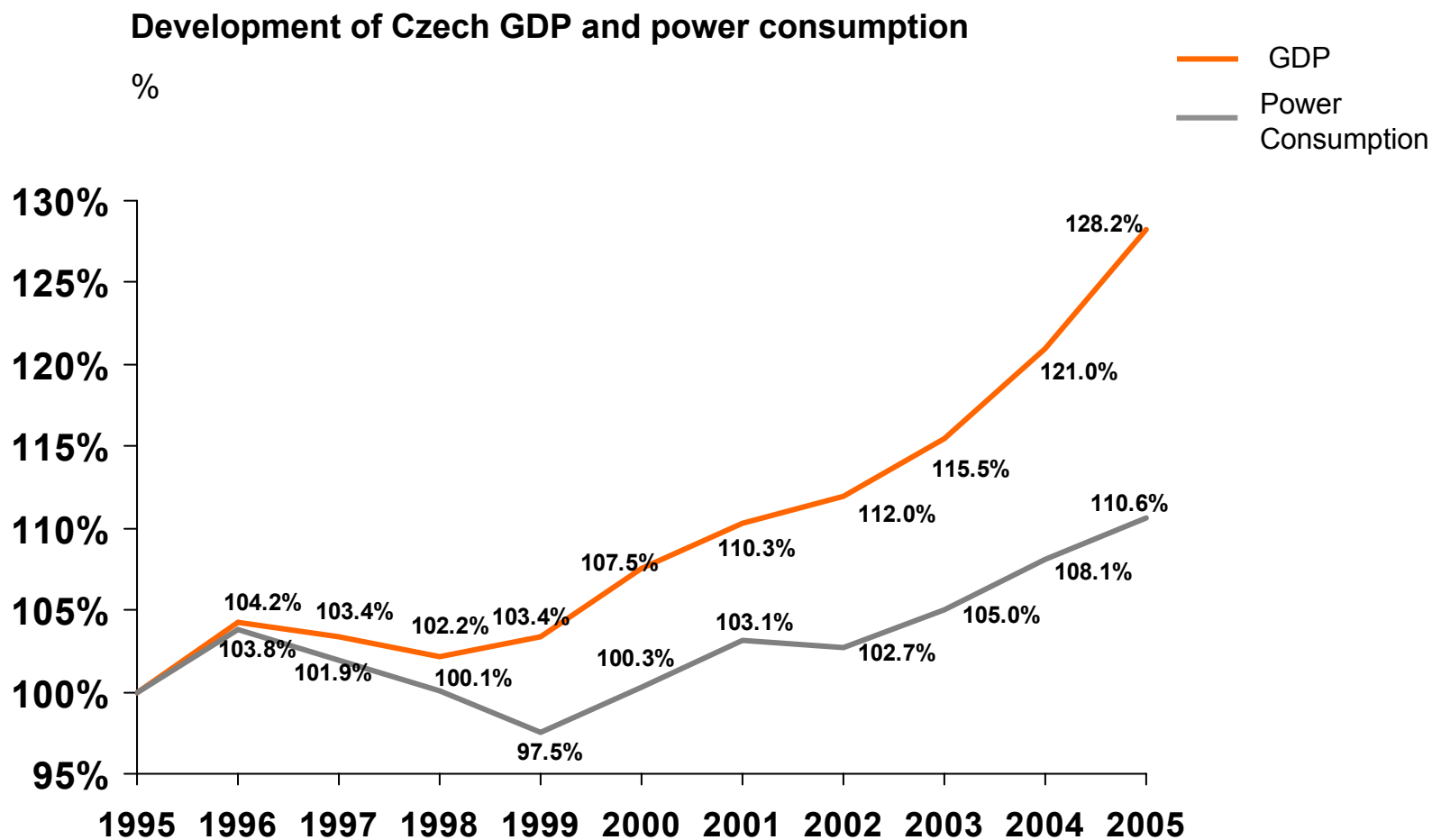


PRICES EAST OF CZECH REPUBLIC ALREADY ABOVE CZECH AND GERMAN LEVELS





DESPITE INCREASING POWER PRICES POWER CONSUMPTION GROWS IN LINE WITH GDP

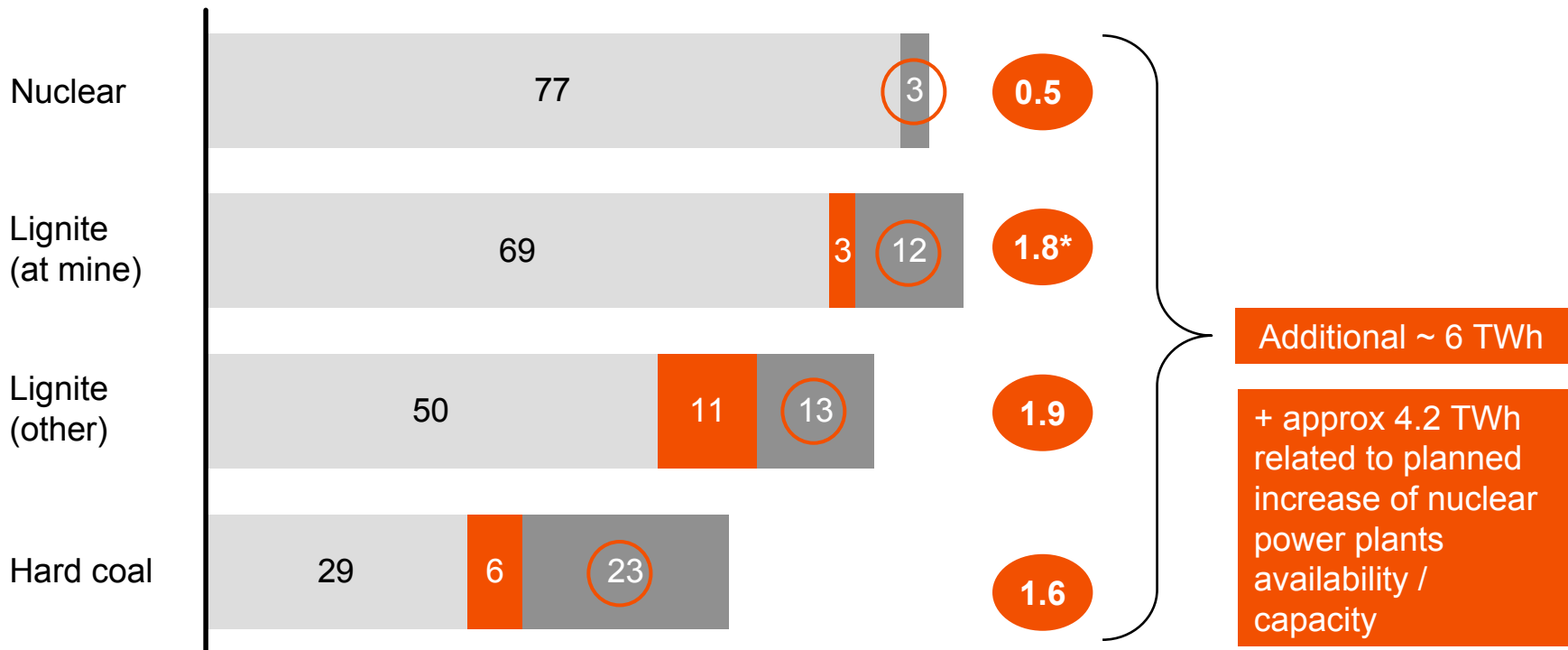




CEZ CAN GENERATE AN ADDITIONAL ~ 6 TWh BY INCREASING UTILIZATION OF MAINLY COAL PLANTS; LARGE PART OF THAT WILL BE UTILIZED IN 2007 ALREADY

Utilization of generation capacity (2005)
Percent of hours p.a.

- Current utilization
- Ancillary services
- Reserve for higher utilization

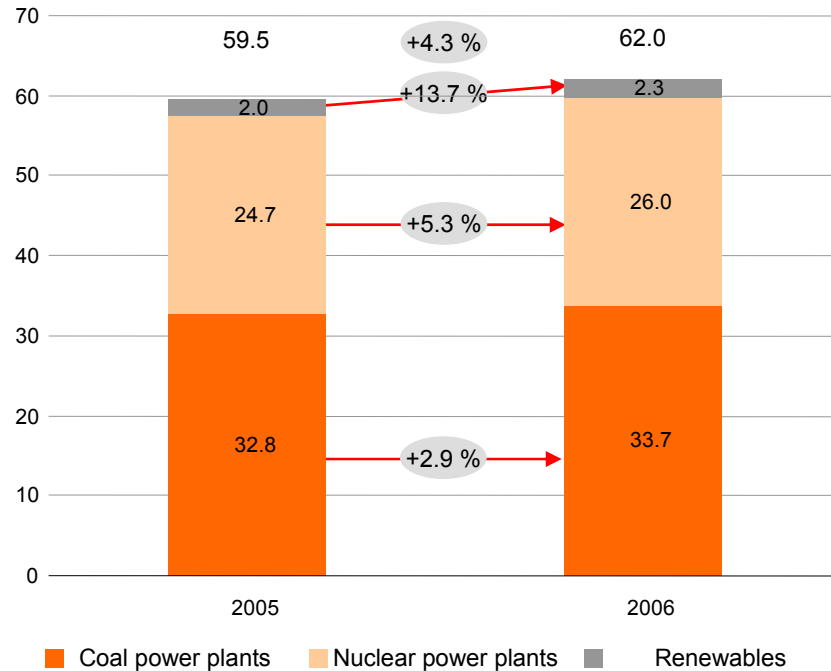


* Adjusted for temporary decrease of available capacity by approx. 2.2 TWh During Power Plant Portfolio renewal – retrofits



GENERATION VOLUME OF CEZ IN THE CZECH REPUBLIC REACHED HISTORICAL HIGH OF 62 TWh IN 2006

Generation of CEZ, a. s. (brutto) (TWh)

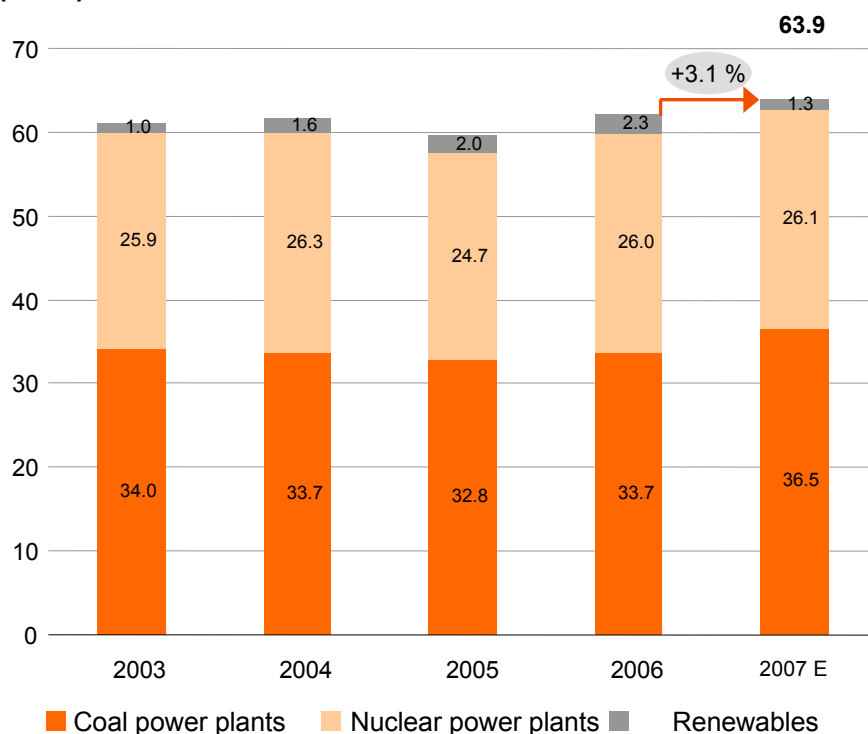


- Domestic demand increased by 2.9 % (3.1 % on temperature adjusted basis)
- Nuclear power plants increased generation volume compared to 2005 (Temelin by 9.4 %, Dukovany by 2.1 %)
- Nuclear Power Plant Dukovany reached record high volume of 14 TWh
- Generation in renewables increased by 14 %



THIS YEAR WE EXPECT TO EXCEED RECORD HIGH VOLUME IN 2006 IN THE CZECH REPUBLIC AND BENEFIT FROM SUPPLY DEMAND DEVELOPMENT IN THE REGION VIA VOLUME INCREASE AS WELL

CEZ, a. s. generation volume (brutto)
(TWh)



Record volume achieved despite:

- Temporary decommissioning of Tušimice (since 06/2007) due to start of Plant Portfolio Renewal program
- Additional refueling outage of Temelin's 1st unit (Q1/2007)

Due to high capacity reliability in January 2007 CEZ increased guidance on 2007 gross margin from generation and trading by CZK 1.5 bn.



CEZ WILL CONFORM THE WAY OF WHOLESale SALE OF OWN ELECTRICITY FOR YEAR 2008 TO ITS COMMITMENT TO TRADE THROUGH THE PRAGUE ENERGY EXCHANGE

- **Campaign system of trading (wholesale auction) is in accordance with EU requirements changed to continuous trading, i.e. each trader can buy and sell anytime**
- **Main trading platform will be Prague Energy Exchange (PXE), its start is expected in July 2007.**
- **CEZ committed to become one of the market makers on PXE, i.e. in each moment balance the supply and demand in the market**
- **CEZ also committed to trade through the exchange all free volume of electricity from its own power plants (outside PXE- supply to end customers, system services and reserves for operation of own capacity)**
- **Higher trade standardization will be secured via replacement of former products of Duhova (rainbow) energy by standard products offered on PXE and traded within European markets**
- **Many established electricity traders have already showed interest in trading at PXE, fast start is expected. In case of delay CEZ is ready to overcome this period via auctions.**



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CEZ GROUP HAS LAUNCHED FOUR KEY STRATEGIC INITIATIVES TO ACHIEVE ITS VISION





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PROJECT VISION 2008: CEZ GROUP TRANSFORMATION INTO AN INTEGRATED, PROCESS ORIENTED AND HIGHLY EFFICIENT ORGANIZATION WITH SEPARATED DISTRIBUTION AND OTHER ACTIVITIES

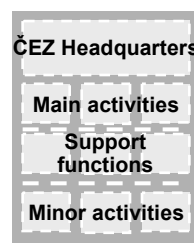
2004

Project Vision 2008

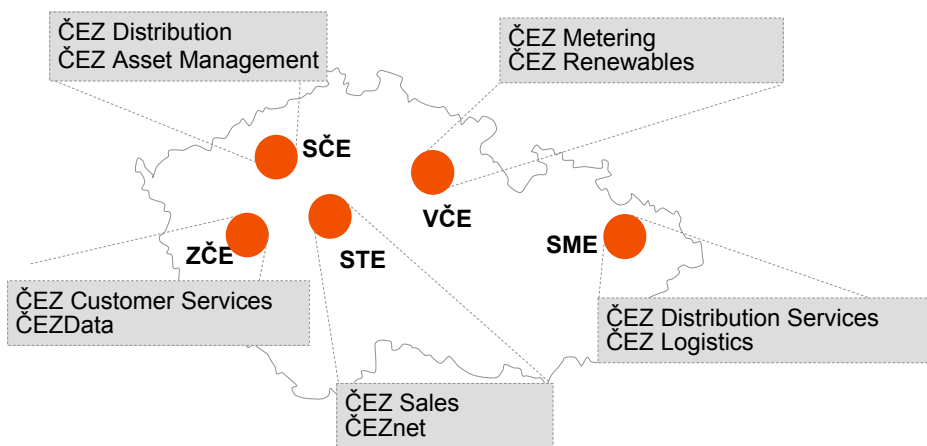
2008



- Whole group transformation and integration
- Unbundling
- Efficiency improvements
- Minimization of risks connected with transformation
- Definition and introduction of best practice



- Main executed transformation steps:
 - Set up of 10 new companies.
 - More than 60 big transactions (outsourcing, contributions, mergers).
 - Asset transfer in value of app. CZK 77 bn
 - Transfer of more than 6 500 employees.
 - Set up of necessary information systems.
 - Transfer of related customer data.



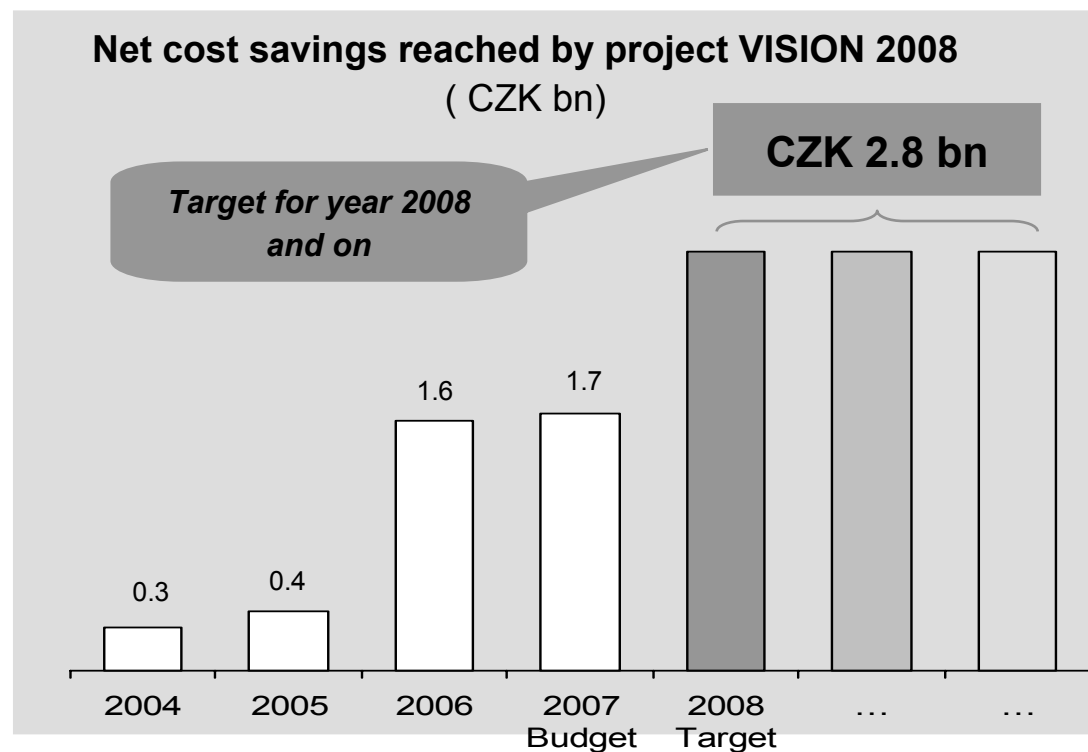


PROJECT VISION 2008 CREATED CONDITIONS FOR FURTHER CEZ GROUP EFFICIENCY IMPROVEMENTS, INCLUDING REACHING ANNUAL COST SAVING OF CZK 2.8 BN

- Establishment of new transparent structure of processes and companies in the Group.
- Unbundling requirements fulfilled one year ahead of requirement.
- Initiated new improvements in customer services.

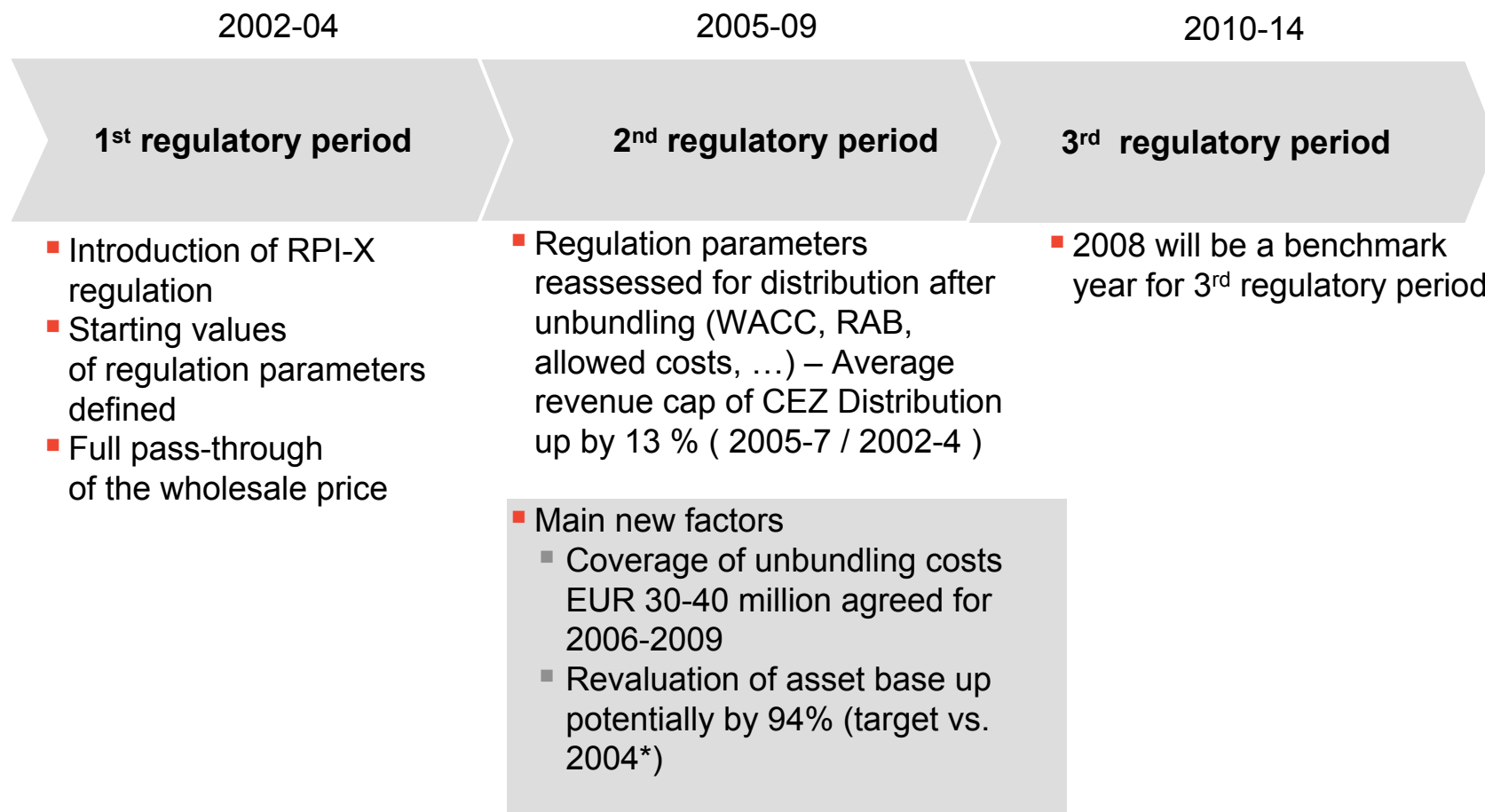
**Continuous
service quality
improvements**

+





REGULATORY ENVIRONMENT IN THE CZECH REPUBLIC IS FAIR AND TRANSPARENT



* Detailed description on the following slide - chart RAB development



CEZ GROUP CONTINUES INCREASING SALES MARGIN WHILE PROTECTING MARKET SHARE

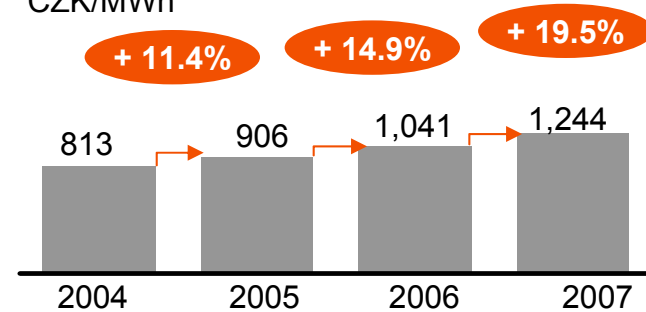


Distribution regions of CEZ Group

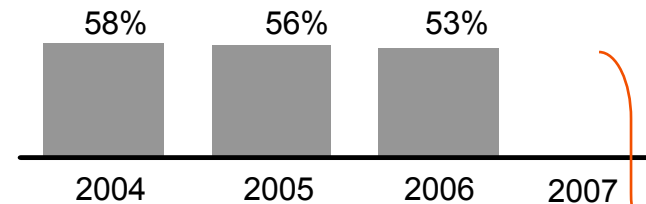


Mass-market customers still served with low margin – **upside potential**

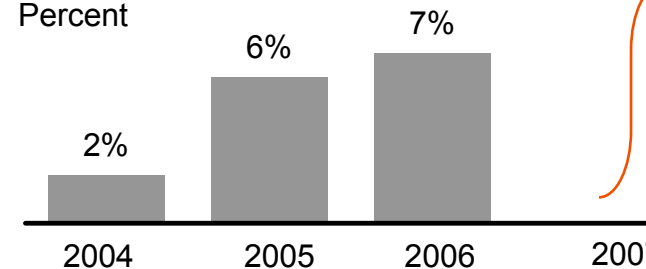
Domestic wholesale baseload CZK/MWh



Market share in power supply Percent of MWh



Average supply margin Percent



Target: maintain profitability (no need to keep market share at any cost)

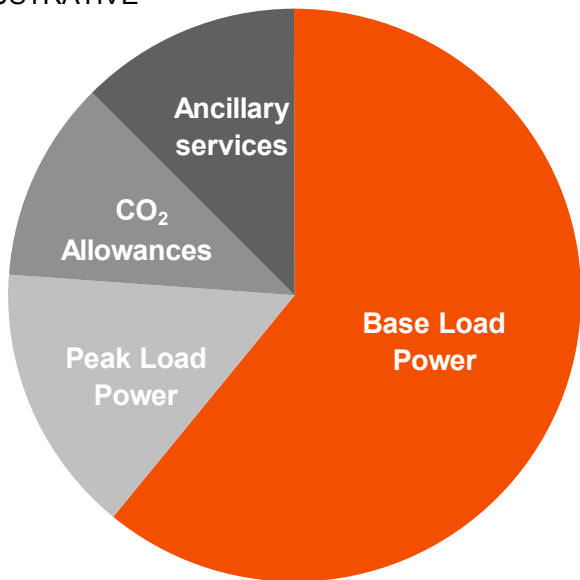


CEZ SALES STRATEGY IS FOCUSED ON MAXIMIZING WHOLESALE MARGIN GIVEN THE AVAILABLE SALES OPTIONS

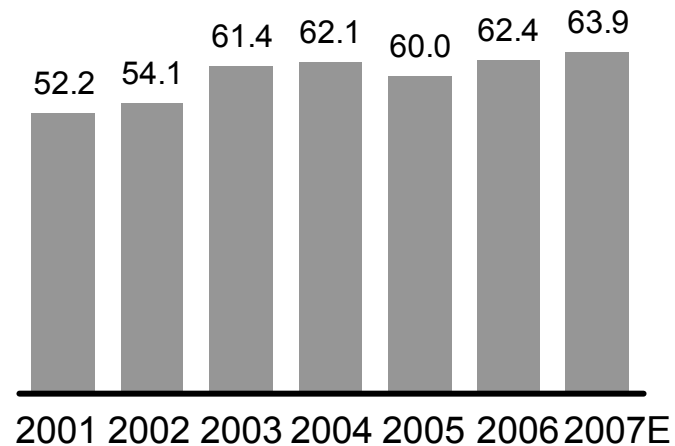


Split of wholesale margin by sales options

ILLUSTRATIVE



Annual production of CEZ Group TWh



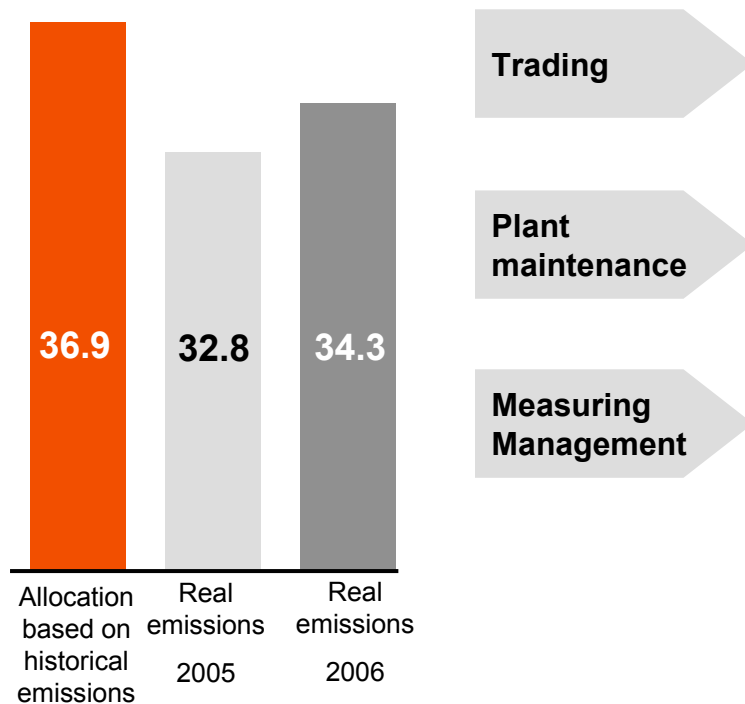
Reduced production due to CO₂ arbitrage

Growth driven by relative lack of supply in the region



CEZ IS EARNING ADDITIONAL MARGIN FROM SAVING CO₂ ALLOWANCES

CO₂ Emissions Mil. Tons



Key measures taken

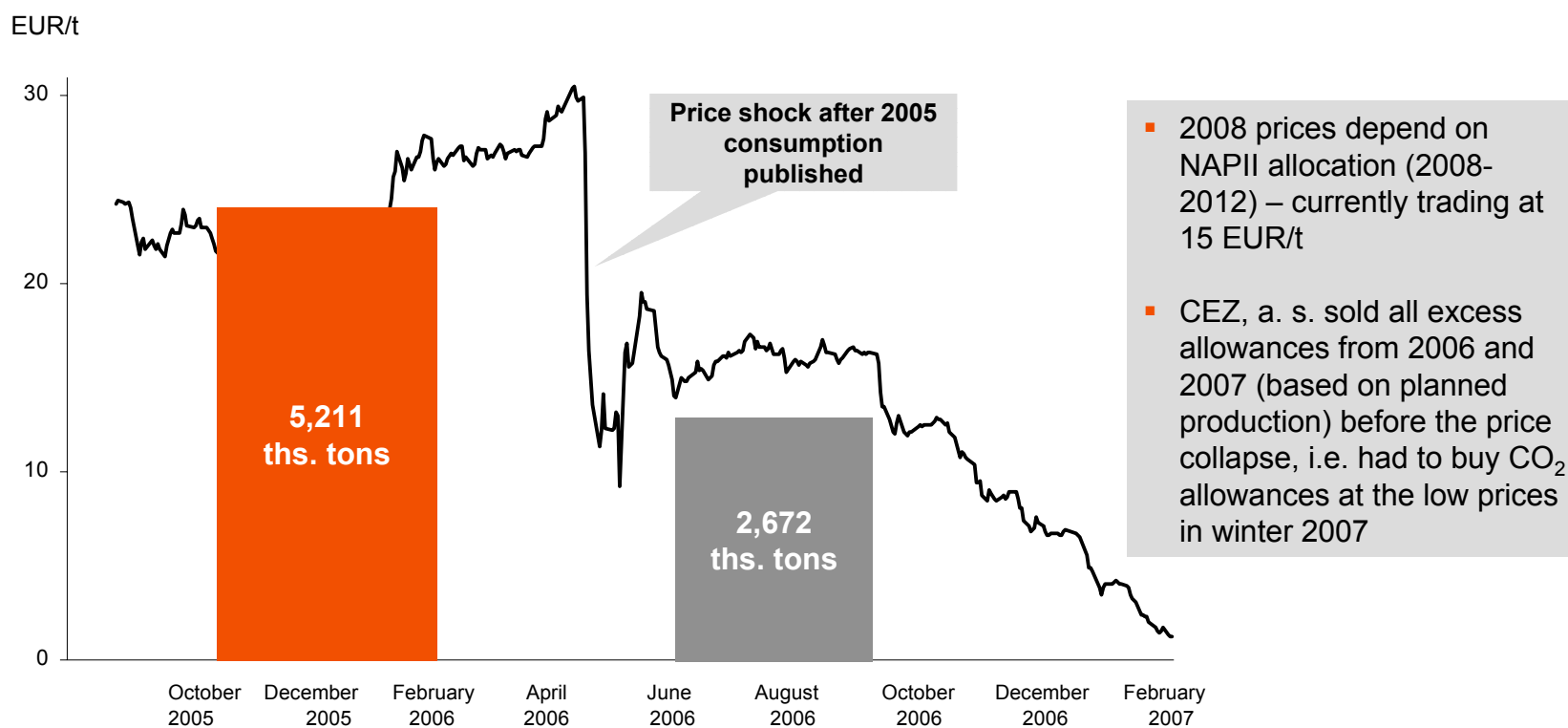
- Priority dispatch of units with low CO₂ emissions
- Reduction of export
- Increased availability of nuclear plants
- Increased focus on plant efficiency
- Increased renewable generation
- Implementation of more accurate measurement systems
- Opportunity cost of CO₂ emission considered in all decisions

- Newly consolidated Polish generators bring additional 4.6 mil. tons of CO₂ allowances while their consumption is around 4.2 mil. tons



LOW CO₂ ALLOWANCES PRICE IN NAP I DIDN'T NEGATIVELY INFLUENCE THE GROUP RESULTS – WITH REGARDS TO ADDITIONAL OUTAGE OF TEMELIN AND SUBSTITUTION FROM COAL POWER PLANTS IS THE PRICE DECREASE POSITIVE

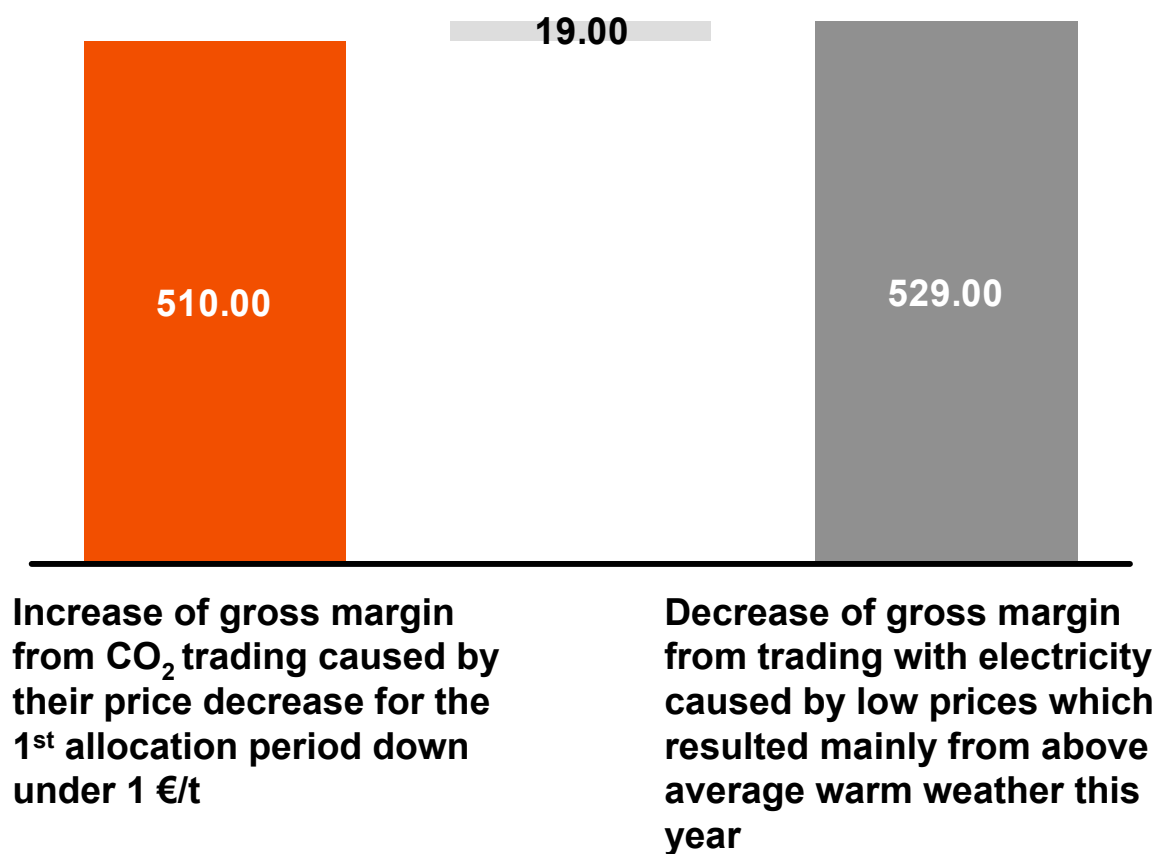
Cumulative sale of CO₂





LOW CO₂ PRICES IN Q1 2007 AND CEZ'S SHORT POSITION FOR 2007 HELPED TO COMPENSATE FOR DROP IN WHOLESALE GROSS MARGIN

Comparison of CO₂ margin growth and electricity margin decrease
CZK m





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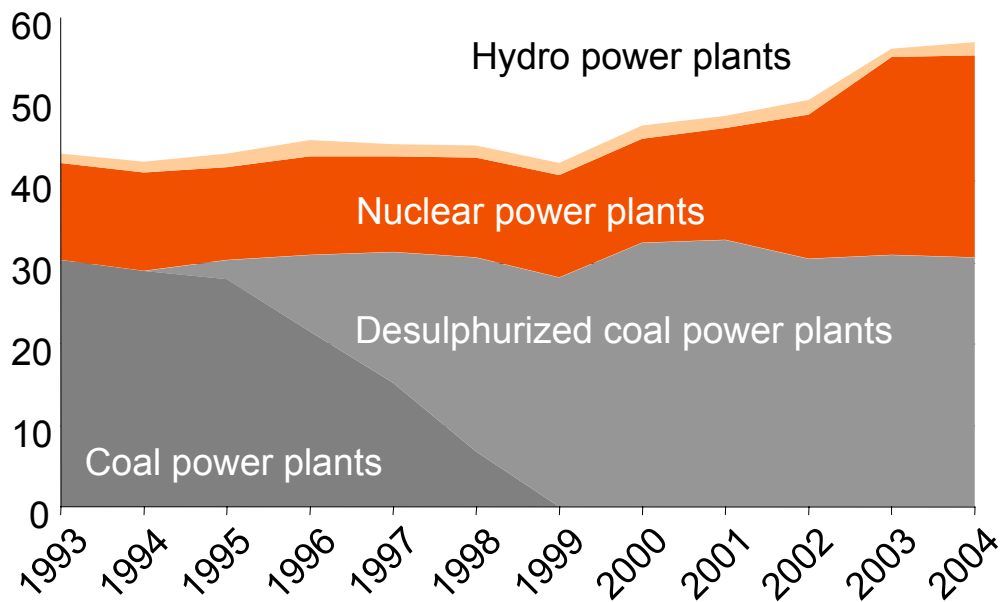


CEZ OPERATES THE ONLY CLEAN GENERATION FLEET IN CEE



Generation structure of CEZ Group

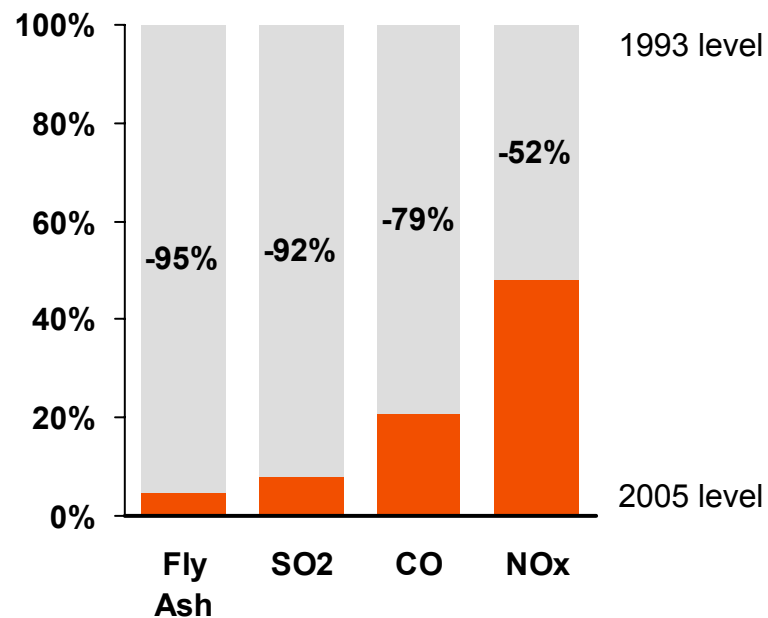
TWh



CEZ invested EUR 1.5 billion into desulphurization of its plants between 1993-99

CEZ Group emission change 2005/1993

Percent



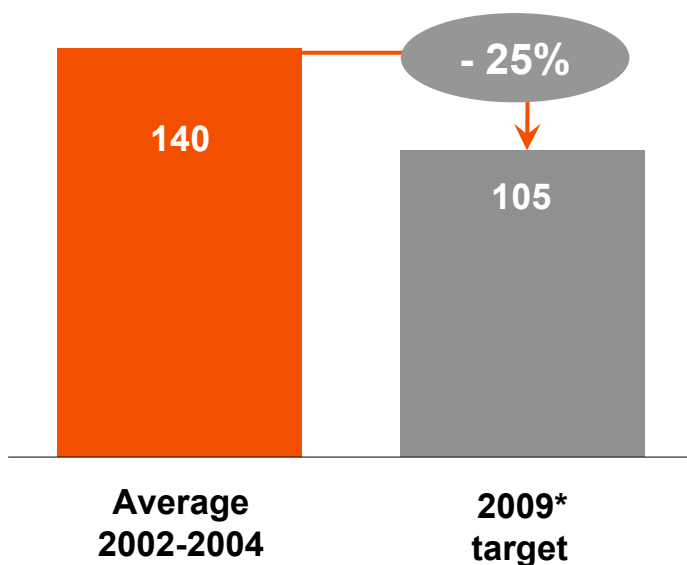


CEZ WILL REDUCE GENERATION REPAIRS AND MAINTENANCE COSTS BY 25% BY 2009



CEZ targets to reduce average repairs and maintenance cost

EUR m



Key tasks to achieve target

- Introduction of adaptive R&M to reduce workload by 50%
- Centralization of preparation R&M to save 20% personnel costs
- Centralization of R&M procurement to reduce related costs by 25%
- Decrease number of suppliers by 70%
- Divestiture of redundant R&M subsidiaries

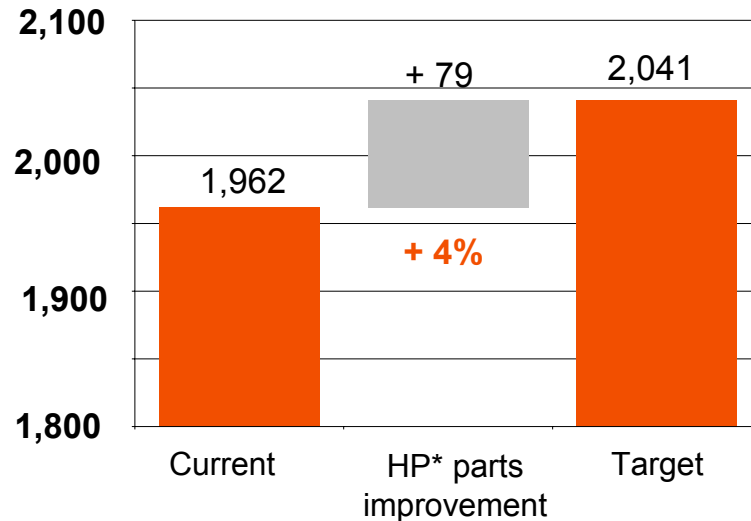
* Assuming „normalized“ R&M workload, prices not adjusted for inflation

Note: exchange rate CZK/EUR = 28.5



NUCLEAR CAPACITY WILL INCREASE BY 9.5% BY 2012 IN DUKOVANY AND IN TEMELIN BY 4% BY 2008

Temelin capacity increase
MW



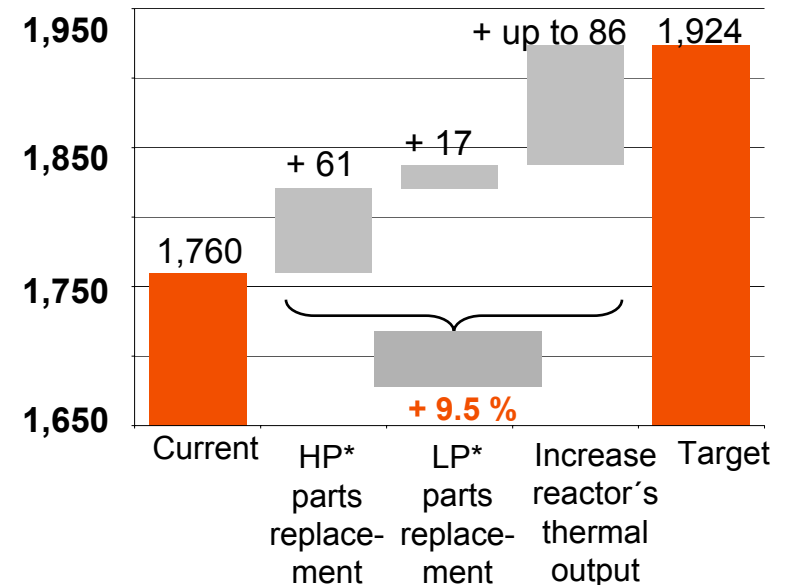
Additional production of 0.6 TWh

Status:

- Project contracted; to be completed in summer 2007
- 30 MW – 2nd unit, 1st unit – in progress

* HP – High Pressure, LP – Low Pressure

Dukovany capacity increase
MW

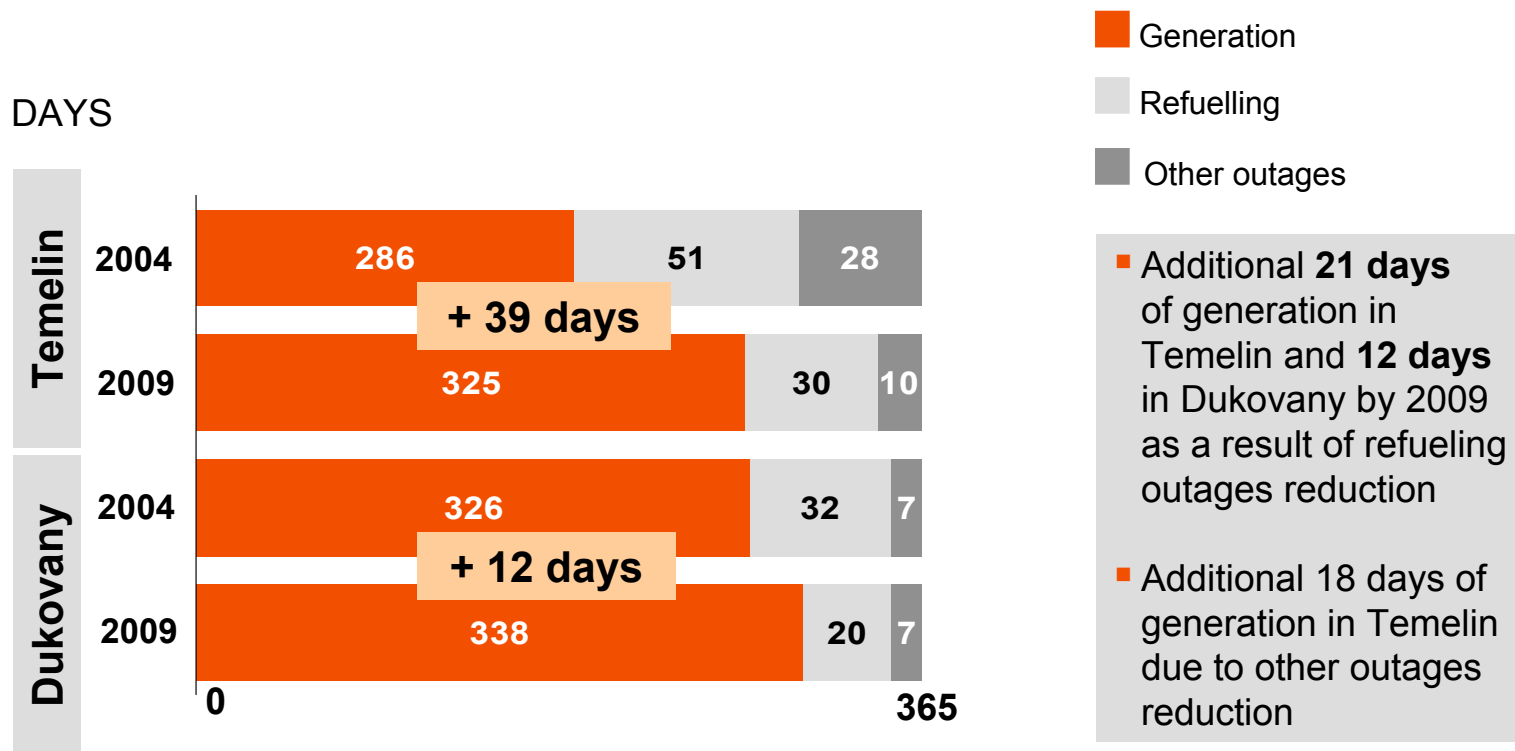


Additional production of 1.3 TWh

- First projects already implemented and running – 2 out of 4 units
- Another unit to be upgraded in 10/2007 and the last one in 5/2008



REDUCTION OF REFUELING OUTAGES IN NUCLEAR PLANTS WILL PROVIDE ADDITIONAL 2.3 TWh



Additional production of ~ **2.3 TWh** (assuming current capacity)



IN ORDER TO STABILIZE THE OPERATION OF NUCLEAR POWER PLANT TEMELIN WE INITIATED A PROGRAM “SAFELY 15 TERA” WHICH IS TARGETING TO SAFELY REACH GENERATION OF 15 TWH IN MEDIUM TERM HORIZON

■ **What we are still not satisfied with**

- Extension of outages (fuel and repeated repairs).
- Necessary rod drop tests .
- Number of operating events.

■ **Negatives it brings**

- Impact on production and economy of CEZ Group.
- Large media attention and media pressure.
- Political impact, international aspects.
- Virtual Temelin – media picture does not correspond with real conditions of the power plant.

■ **Tool**

- Project „Safely 15 TERA“
 - Technical adjustments
 - Organizational adjustments
 - Development of safety culture

■ **Principles**

- Safely
- In a controlled way
- Economically
- In a transparent manner

■ **Goal**

- Safely reach expected electricity generation of 15 TWh in a medium term horizon.

Medium term horizon (3 – 5 years)



PROJECT WILL AMONG OTHERS INCLUDE PERSONNEL CHANGES IN THE POWER PLANT MANAGEMENT AND EMPHASIS ON KNOWLEDGE TRANSFER FROM NUCLEAR POWER PLANT DUKOVANY

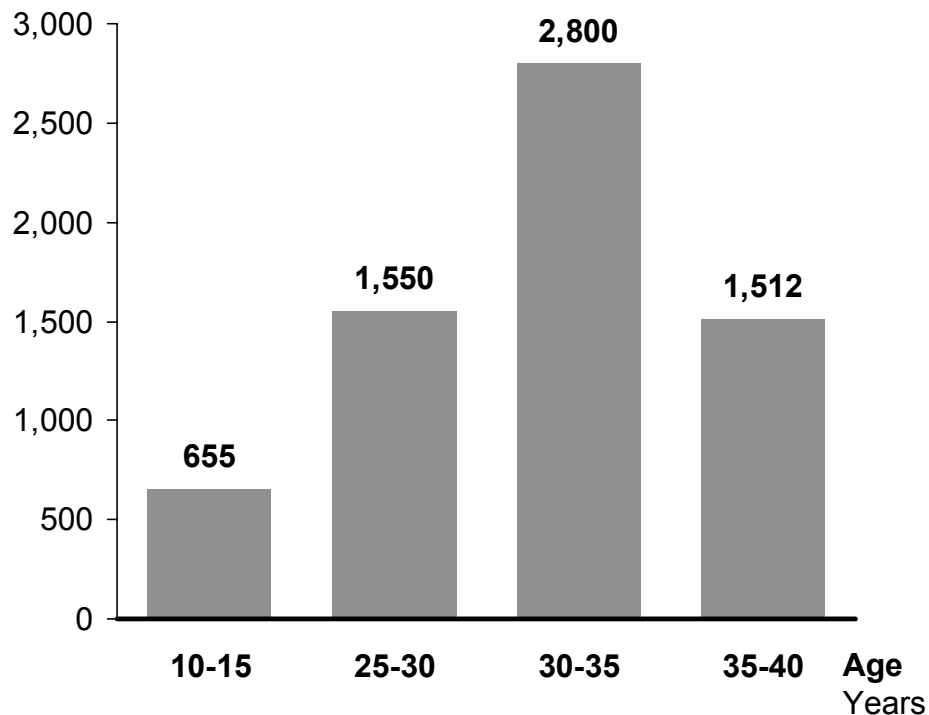
Technical adjustments	Organizational adjustments	Development of safety culture
<ul style="list-style-type: none">▪ New strategy of fuel cycle (spent fuel storage, development projects and licensing program, etc.)▪ Technical innovations program (HP rotor, diesel generator, room 820, etc.)▪ Effective coordination and outage optimization	<ul style="list-style-type: none">▪ Personnel changes at plant's management▪ Transfer of some units to direct subordination of the NPP director▪ Organizational changes in Generation division, set up of Asset Management and Central Engineering units.	<ul style="list-style-type: none">▪ Long term program based on similar experience of Dukovany NPP.▪ Consistent enforcement of proven principles of nuclear community



PORTION OF CEZ POWER PLANTS IS NEARING THE END OF ITS LIFETIME



Age structure of CEZ thermal blocks MW



- Portion of CEZ thermal capacity approaches end of its life time in 2010-20
- Desulphurization equipment to reach end of its lifetime in 2015-2020
- The emission limits on SO_x , NO_x will get again much stricter starting 2016



Thermal capacities must be renewed by new plants additions on refurbishment of existing equipment



CEZ INTENDS TO BUILD ITS FUTURE PLANT FLEET MAINLY AROUND MODERN TECHNOLOGY LIGNITE PLANTS



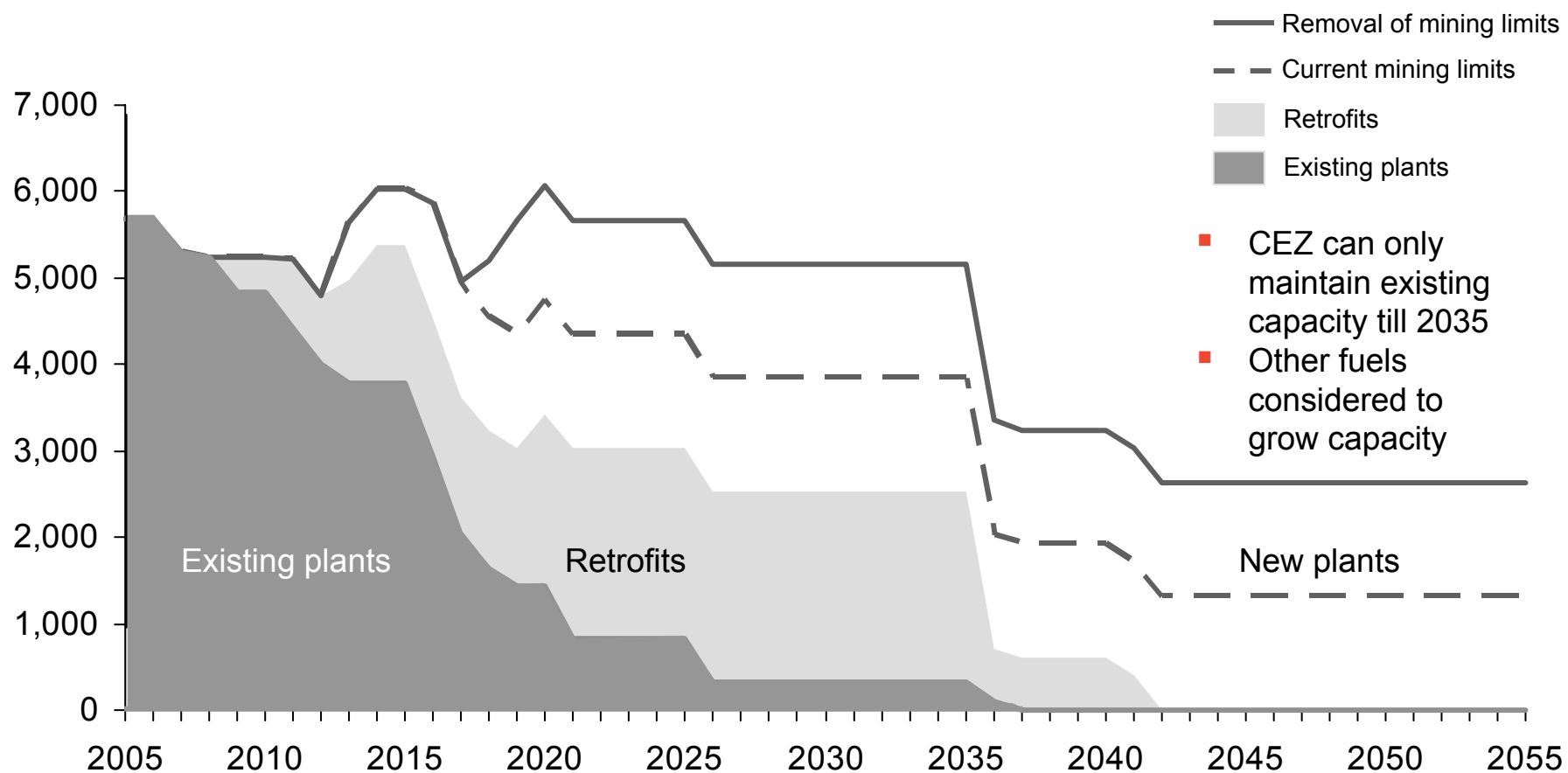
	Coal	Nuclear	Gas	Renewables
Environmental impact	<ul style="list-style-type: none">Acceptable emissions if modern technology adopted	<ul style="list-style-type: none">No emissionsNuclear risk	<ul style="list-style-type: none">Low emissions	<ul style="list-style-type: none">Limited/no emissionsNo resources depletion
Competitive advantages	<ul style="list-style-type: none">Low cost of domestic lignite	<ul style="list-style-type: none">Politically acceptable in Czech Republic	<ul style="list-style-type: none">Flexibility, relatively low investment cost	<ul style="list-style-type: none">Public support
Risks/constraints	<ul style="list-style-type: none">Lignite availabilityCO₂ regulation/price	<ul style="list-style-type: none">High up-front investment	<ul style="list-style-type: none">High/volatile gas price	<ul style="list-style-type: none">Subsidy scheme not stable
	<p>Cornerstone of the future CEZ plant fleet</p>	<p>Complement to lignite for baseload generation</p>	<p>Potentially source of flexible power</p>	<p>Complementary role (e.g., combined combustion of coal and biomass)</p>



EXPECTED DEVELOPMENT OF ČEZ'S BROWN COAL INSTALLED CAPACITIES



Installed capacity
MW

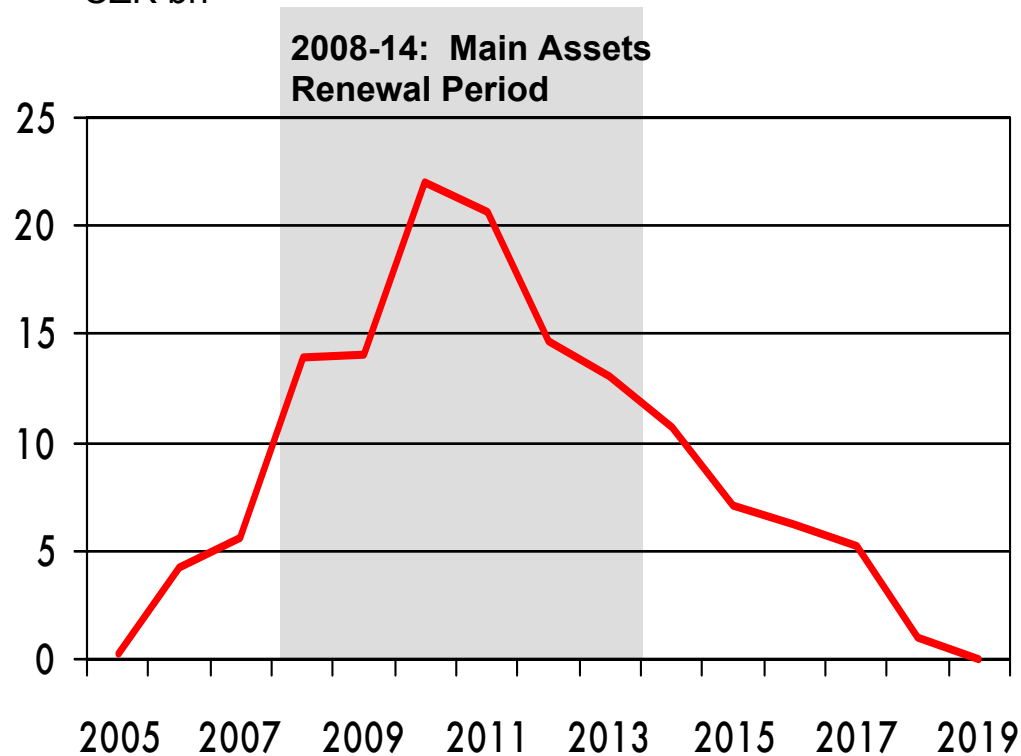




CAPEX FOR LIGNITE PLANTS RENEWAL WILL REACH CZK 140 BN AND BRING 14-25% EFFICIENCY UPLIFT



Expected CAPEX – conservative scenario
CZK bn



* Unit size will be optimised

Projects overview

- Highly efficient and environmentally friendly
- Highly profitable
- Secured fuel – low risk

Retrofits

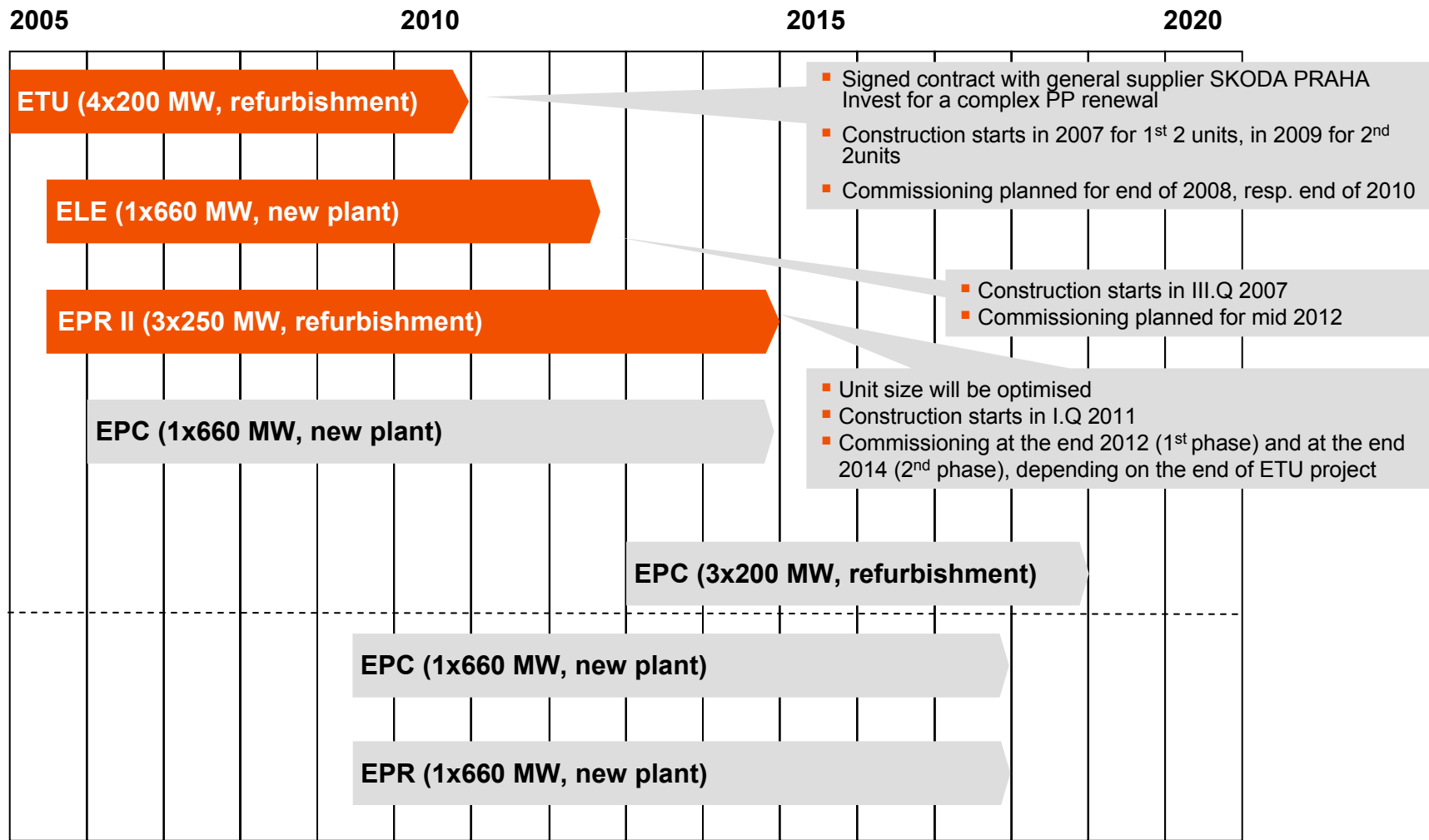
- Gross efficiency improvement from 36% to 41%
- Less CO₂ production
 - Tušimice II 4 x 200 MW
 - Prunéřov II 3 x 250* MW
 - Počerady 3 x 200 MW

New units

- Gross efficiency 45%
- Less CO₂ production
 - Ledvice 1 x 660 MW
 - Počerady 1 x 660 MW



CEZ ALREADY LAUNCHED FIRST GENERATION RENEWAL PROJECTS





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CEZ GROUP WANTS TO GROW BOTH IN GENERATION AND DISTRIBUTION/SUPPLY



Realized acquisitions

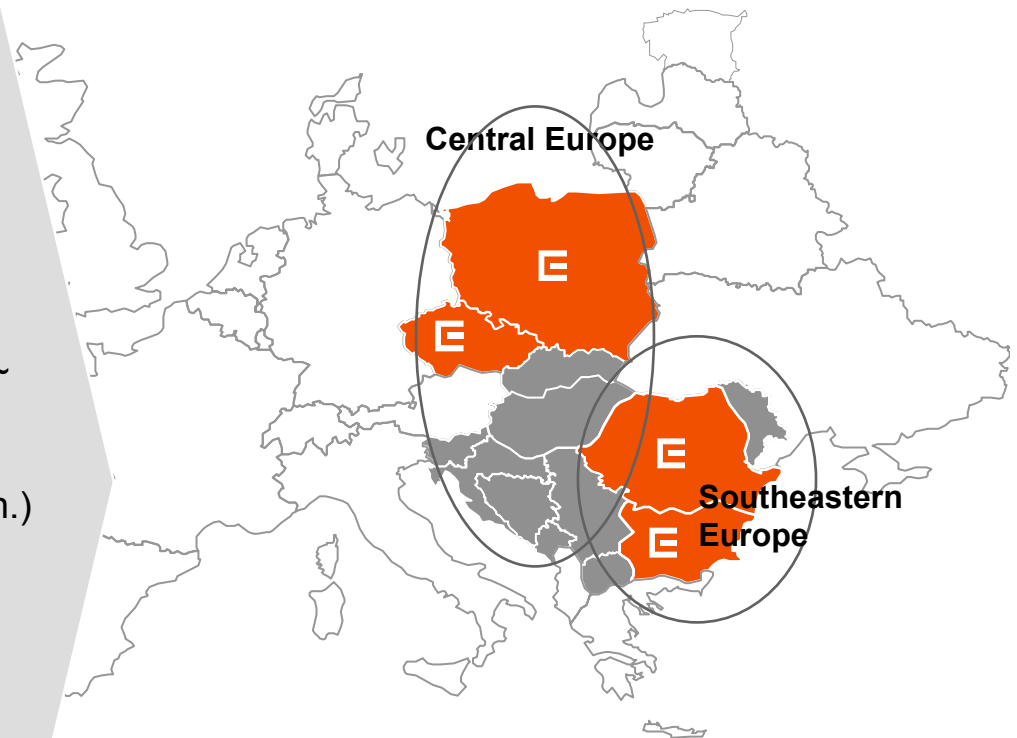
- Bulgaria (distribution) – 1.9 million cust.
- Romania (distribution) – 1.4 million cust.
- Poland (generation) – 830 MW
- Bulgaria (generation) – 1,260 MW

On-going acquisitions

- Rep. Srpska, B&H (brown field generation) ~ 660 MW (Gacko only)
- Kosovo (green field generation) ~2000 MW
- Bosnia & Hercegovina, B&H (green field gen.)

Other opportunities

- Romania (generation) – 4,240 MW
- Romania (distribution) – 3.3 million cust.
- Serbia (brown field generation) – monitoring
- Russia (green field generation) – monitoring
- Ukraine (distribution and generation) – monitoring
- Poland (generation) – PAK – 2,338 MW - monitoring



- Existing acquisitions
- Opportunities



CEZ GROUP IS BEST POSITIONED TO SUCCEED IN THE REGION OF CENTRAL AND SOUTHEASTERN EUROPE



- **Focus on one region**
- Intimate **knowledge of the region**
- **Very well accepted** due to close cultural/historical ties and electricity industry transformation experience
- **First-hand experience** with transformation of power markets
- **Natural hedge and synergies** to current position of CEZ Group providing significant synergies/risk mitigation
- **Management capacity** available from restructuring in the Czech Republic



EVEN THOUGH CEZ GROUP HAS AMBITIOUS EXPANSION PLANS, IT IS VERY PRUDENT IN ITS M&A DECISIONS



Key criteria for M&A decisions

- Target attractive on standalone basis (market position, asset quality)
- Return above CEZ cost of capital plus country and project risk
- Positive contribution to CEZ Group value
- Credit rating targeting

M&A process

- Always along a global advisor with target country ties
- Valuation prepared by advisor cross-checked by internal valuation team
- Multiple scenarios
- Transaction team includes post merger management team
- Valuation model becomes budget for the PMM team



DESPITE INCREASED COMPETITION CEZ IS NOT WILLING TO PRICE ASSETS AT LEVELS IT CANNOT JUSTIFY



Bulgaria

- **TPP Varna** settled at the beginning of October
- monitoring **heating plants privatizations**

Poland

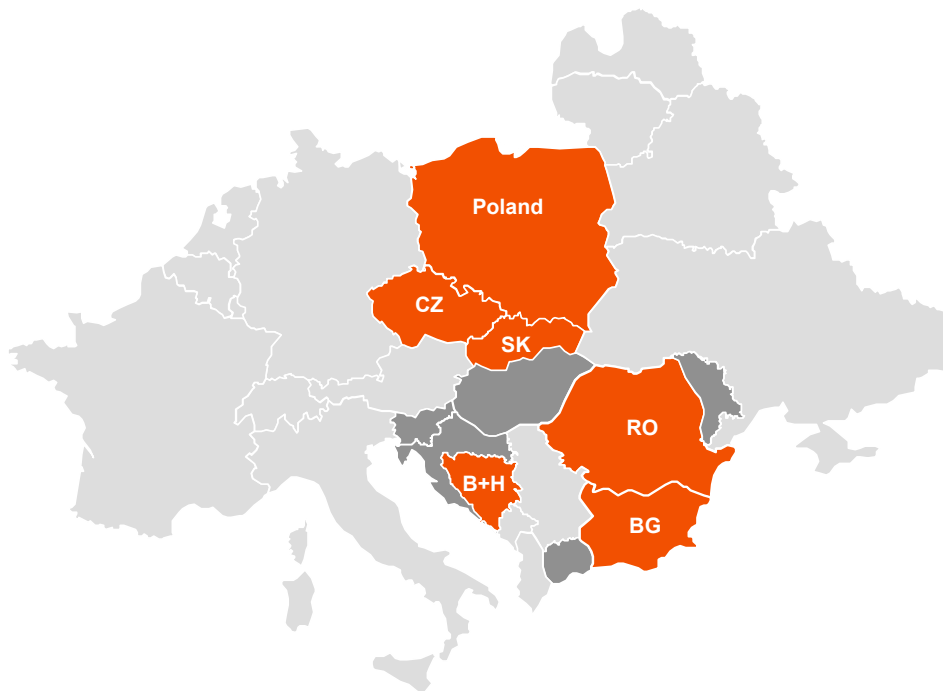
- **Elcho** (238MW) and **Skawina** (592 MW) settled in the end of May 2006
- still pursuing **PAK** (2,338 MW), other processes are unrealistic

Romania

- **Electrica Muntenia Sud** (1.1 million of customers) – awarded to Enel at a price above EUR 1,000 per customer
- waiting for start of privatization of generation complexes **Turceni** (2,310MW), **Rovinari** (1,320MW) and **Craiova** (610MW) and **remaining distribution companies** (3.3m cust.)
- searching other opportunities (cogeneration, etc.)

Bosnia and Herzegovina

- monitoring development projects with EPBiH and EPHZHB and expressed interest
 - *4 thermo power plants (1,770 MW)*





CEZ IS LOOKING AT SEVERAL PROMISING GREENFIELD/BROWNFIELD PROJECTS IN SERBIA, KOSOVO AND REPUBLIKA SRPSKA



Slovenia

- Monitoring potential cooperation with HSE
- if govt. starts privatization CEZ will consider its participation

Rep. Srpska (in Bosnia and Hercegovina)

- JV with EPRS for Gacko project set up
 - expect to start working on the **Gacko** project already this year

Serbia

- interested in finishing **Kolubara B** project
- monitoring the market, analyzing opportunities

Kosovo

- established company **New Kosovo Energy LLC**
- shortlisted for Kosovo C development (jointly with AES) – 2100 MW

Ukraine

- monitoring the market and analyzing other opportunities and synergies

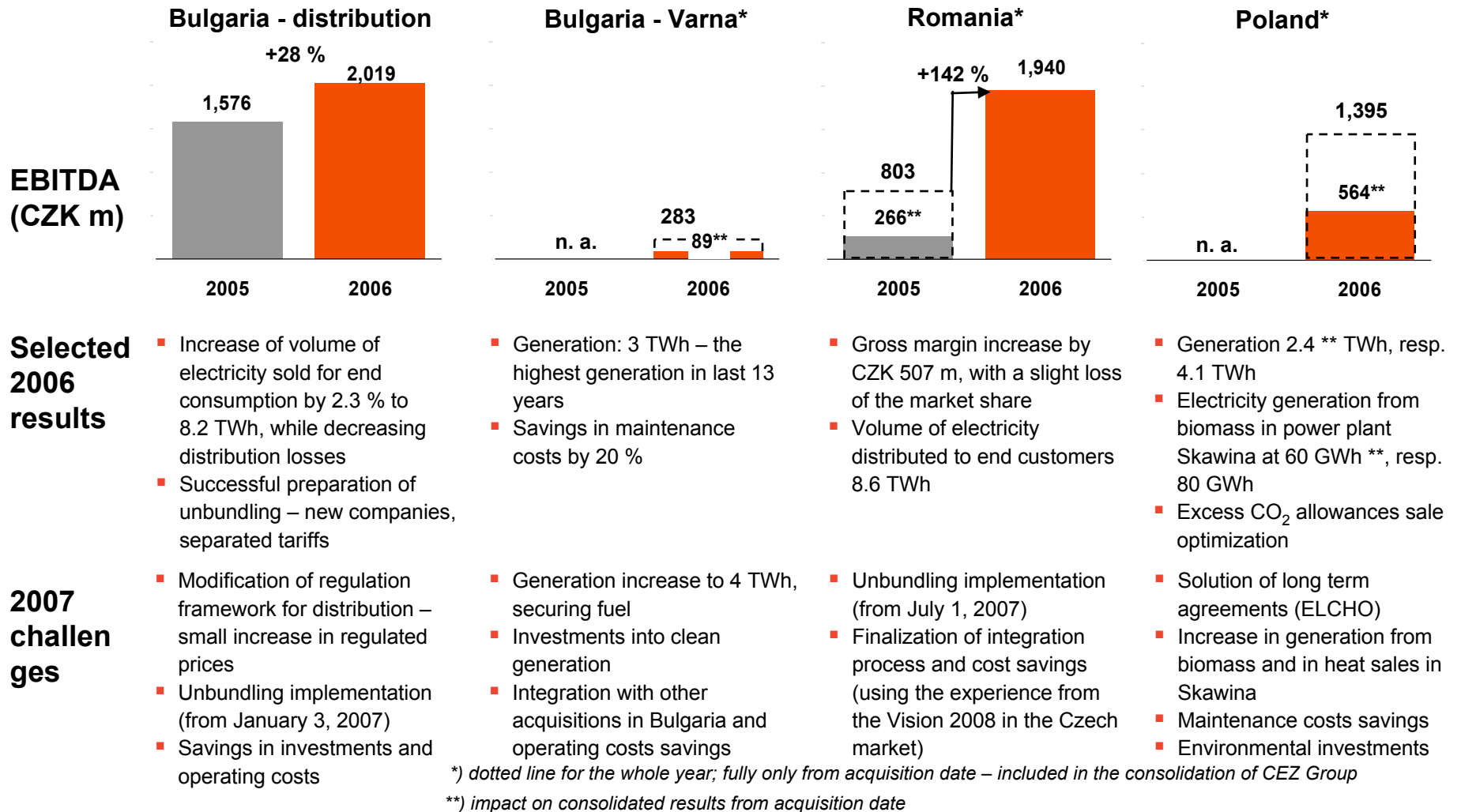
Russia

- analyzing greenfield projects in Moscow and St. Petersburg region
- Signed a cooperation agreement with Russian companies RAO JES and TGK-4 about assessing a possibility of setting up a JV to construct new energy sources (420MW gas + 500MW lignite)





VERY GOOD PERFORMANCE OF FOREIGN ACQUISITIONS IN 2006, EXPECTING CHALLENGING 2007





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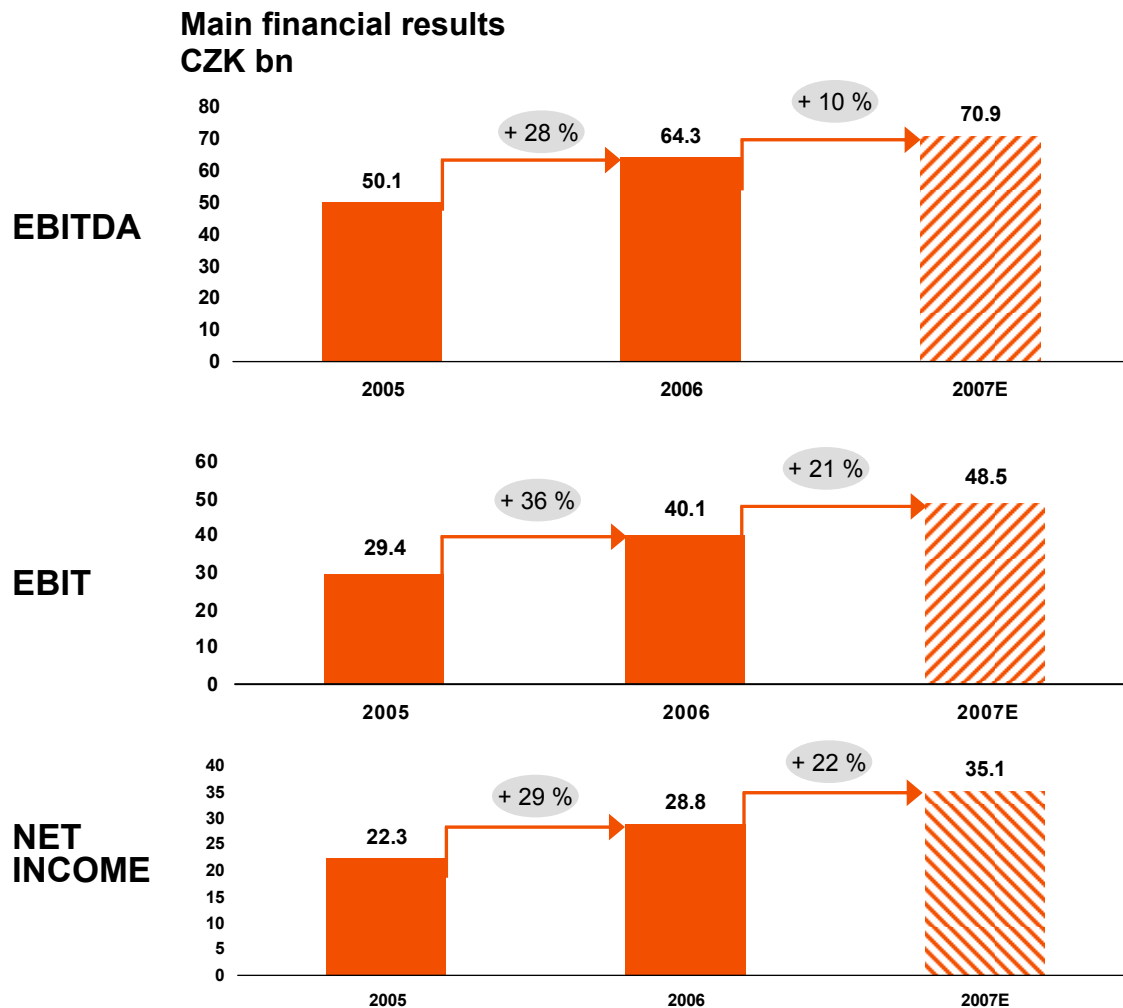
MAIN RESULTS FOR Q1 2007 AND 2007 GUIDANCE

- **EBITDA** increased y-o-y by 6.6 % to CZK 21.7 bn, increase by CZK 1.3 bn
- **EBIT** y-o-y increased by 10.1 % to CZK 16.3 bn, which represents a y-o-y increase by CZK 1.5 bn
- **Net Income** y-o-y increased by 25.1 % to CZK 13.0 bn (increase by CZK 2.6 bn)
- **ROE*** y-o-y increased from 13.3 % to **15.4 %**.
- **CEZ share price at BCPP and GPW stood at CZK 1044 on May 15, 2007**
- **2007 guidance** : **EBITDA** of CZK 70.9 bn (increase by 10 % compared to 2006) and Net Income of CZK 35.1 bn (increase by 22 %)

* Data for calculation based on running average for last 12 months



MAIN FINANCIAL RESULTS FOR YEAR 2007 (WITHOUT CONSIDERING SHARE BUYBACK)

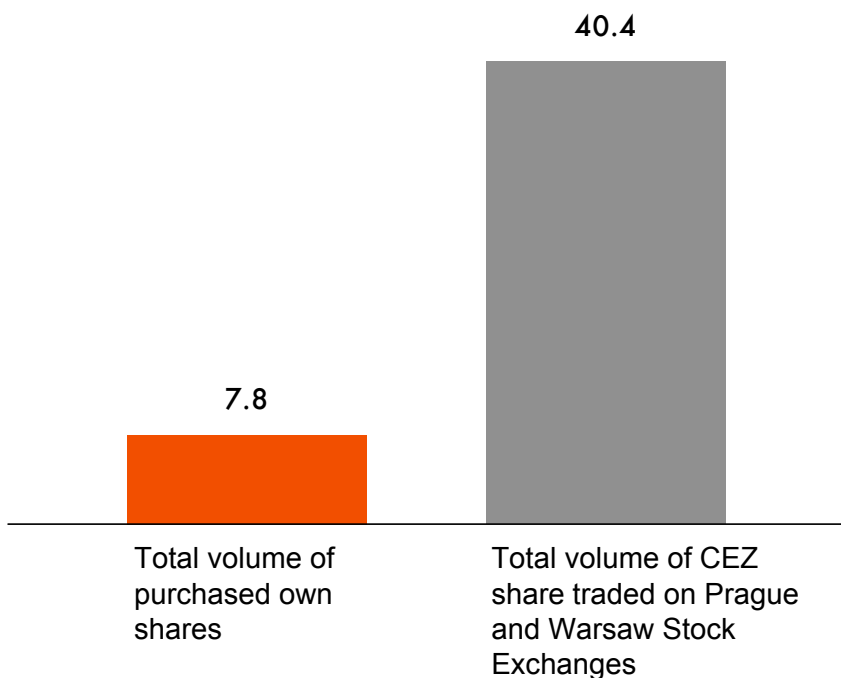


In spite of electricity and heat demand decrease, as well as decrease of wholesale prices in Q1 as a result of above average warm and dry weather, the adopted measures lead to lower costs and search for other reserves. Based on these facts CEZ Group expects to maintain the guidance published in February 2007.



CEZ STARTED ITS SHARE BUYBACK PROGRAM; IN THE FIRST DAYS BOUGHT 7.8 M PIECES OF SHARES

Number of purchased shares to June 6, 2007
million pcs (cumulative)

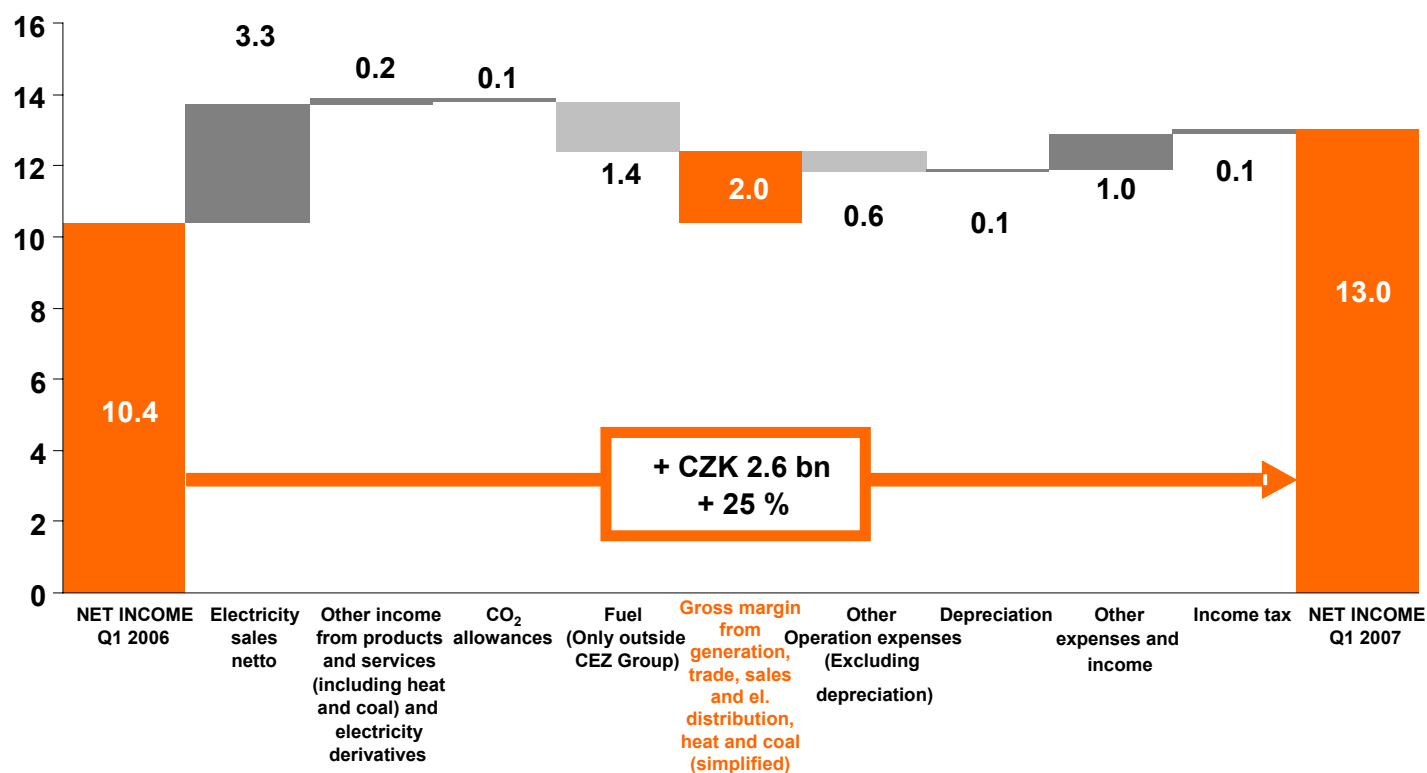


- General meeting dated April 23 approved share buyback up to 10 % of stated capital during following 18 months.
- Share buyback will lead to adjustment of inefficient capital structure of CEZ Group.
- CEZ mandated two largest brokers on PSE to realize the share buyback; they also operate in Poland.
- Share buyback takes place both at Prague and Warsaw Stock Exchanges, potentially also at other regulated markets, where CEZ shares are traded.
- Program adheres to (beside others) European directive no. 2273/2003/EC, on the basis of which among others:
 - The maximum volume of shares which the company can buy in one day is limited to 25% of average daily volume
 - Brokers act independently of CEZ with professional care and in the best interests of the company and will inform the company about any unexpected influences and recommend further procedures.
- The company is ready to use the whole period of 18 month for the share buyback



NET INCOME GREW Y-O-Y BY CZK 2.6 BN – i.e. by 25 %

CZK bn



Main changes

- Higher generation from own sources
- New acquisitions (Poland, Varna)
- Operating costs control
- Portfolio optimization of companies in CEZ Group – divestment
- However negative influence in distribution and sale in CR, Romania and Bulgaria



GROSS MARGIN FROM GENERATION, TRADING, SALE AND DISTRIBUTION Y-O-Y INCREASED BY 7% TO CZK 28.7 BN

(CZK bn)	Q1 2006	Q1 2007	Change 07-06	Index 07/06	2007 comparable entity *	Index 07/06 comparable entity
Operating revenues	40,653	44,125	3,472	109%	42,412	104%
Electricity sales and services	37,684	40,967	3,284	109%	39,521	105%
Heat sales and other revenues	3,088	2,620	-467	85%	2,354	76%
Variable operating costs	-13,912	-15,435	-1,522	111%	-14,481	104%
Fuel	-2,657	-4,061	-1,404	153%	-3,089	116%
Purchased power and related services	-11,870	-11,866	4	100%	-11,838	100%
CO ₂ allowances	615	493	-122	80%	445	72%
Gross margin (simplified)	26, 741	28, 690	1, 949	107%	27, 930	104%

Main changes

- Total increase of generation by 2.0 TWh (12 %) out of which 1.6 TWh new acquisitions. In coal power plants by 3.0 TWh (by 33 %), in nuclear power plants decrease by 1.0 TWh (by 15 %) and increase in wholesale prices. Drop in spot prices in Q1 2007 compensated by drop in CO₂ allowance prices. One off influence – profit from electrical derivatives (CZK 496 m) that won't influence the full year results
- On the contrary negative development in distribution (- CZK 700 m) and partially also in electricity and heat sales thanks to higher temperatures in Q1 2007
- Abroad negative impact of power purchase price regulation and decrease of sold volumes (also thanks to warm winter)

*) comparable entity doesn't include results from ELCHO (PL), Skawina (PL), Varna (BG)



CEZ GROUP MANAGES TO KEEP ITS OPERATING COSTS UNDER CONTROL

(CZK bn)	Q1 2006	Q1 2007	Change 07-06	Index 07/06	2007 comparable entity *	Index 07/06 Compar.entity
SUM of selected operating costs	-6,337	-6,948	-612	110%	-6,479	102%
Salaries and wages	-2,884	-3,536	-652	123% (114%)	-3,401	118% (109%)
Repairs and maintenance	-672	-705	-33	105%	-686	102%
Material and supplies	-938	-1 471	-533	157%	-1,434	153%
Others	-1,842	-1,236	606	67%	-958	52%
				97%		86%
EBITDA	20,404	21,741	1,337	107%	21,451	105%
Depreciation and Amortization	-5,582	-5,423	159	97%	-5,165	93%

- Y-o-y increase in operating costs on a comparable entity is only 2 % (without depreciation, CO₂ allowances and fuel and power purchases).
- With personnel costs the increase is caused by total increase of number of employees in the Group, when comparing the comparable entity the number of employees is decreasing. Headcount reduction is a good starting point for future development. Salary increases are mainly with foreign subsidiaries, where the income level is low, in CR the increase is between 6 – 7 %. In the brackets you can find adjusted values of personnel costs after including contingencies and reserves spread in time of year 2007.
- Increase in costs for material and decrease of other operating costs is mainly caused by methodical change in financial statements of SKODA PRAHA related to accounting for project costs (influence of CZK 270 m) – moved from Others to Materials

*) comparable entity doesn't include results from ELCHO (PL), Skawina (PL), Varna (BG)



OTHER EXPENSES AND INCOME INCREASED Y-O-Y BY CZK 1.0 BN

(CZK bn)	Q1 2006	Q1 2007	Change 07-06	Index 07/06
Other expenses and income	-1,114	-89	1,025	8%
Interest on debt	-420	-596	-176	142%
Interest on nuclear and other provisions	-473	-481	-8	102%
Interest income	100	267	168	268%
FX profit/ loss and derivatives	-214	214	428	x
Sales of subsidiaries and associates	0	0	0	x
Negative goodwill write off	0	0	0	x
Income from Associates	57	19	-38	34%
Others	-164	487	651	x
Profit before taxes	13,707	16,229	2,521	118%
Income tax	-3,336	-3,252	85	97%
Net Income	10,371	12,977	2,606	125%

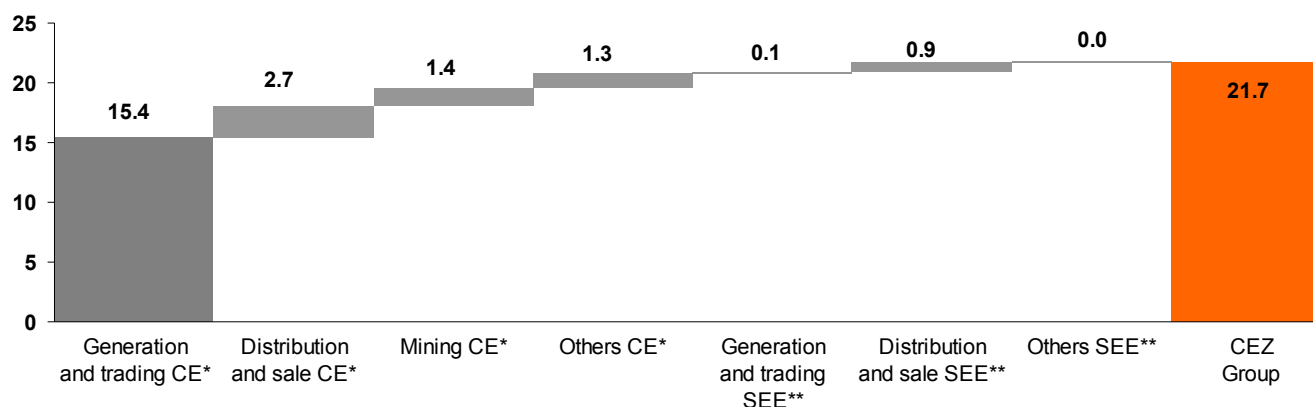
- Trading with derivatives had a positive influence on the result of CZK 0.6 bn
- Increase of other financial costs and income by CZK 0.7 bn is influenced by sale of companies (from CEZ Group), whose business activity doesn't directly correspond with the main CEZ Group business activities



CEZ GROUP FINANCIAL RESULTS Y-O-Y DEVELOPMENT

Contribution to EBITDA in Q1 2007

CZK bn



Index 2007/2006:

120 %

70 %

114 %

114%

-

65 %

133 %

107 %

EBITDA decrease in segment Distribution and sale is caused by:

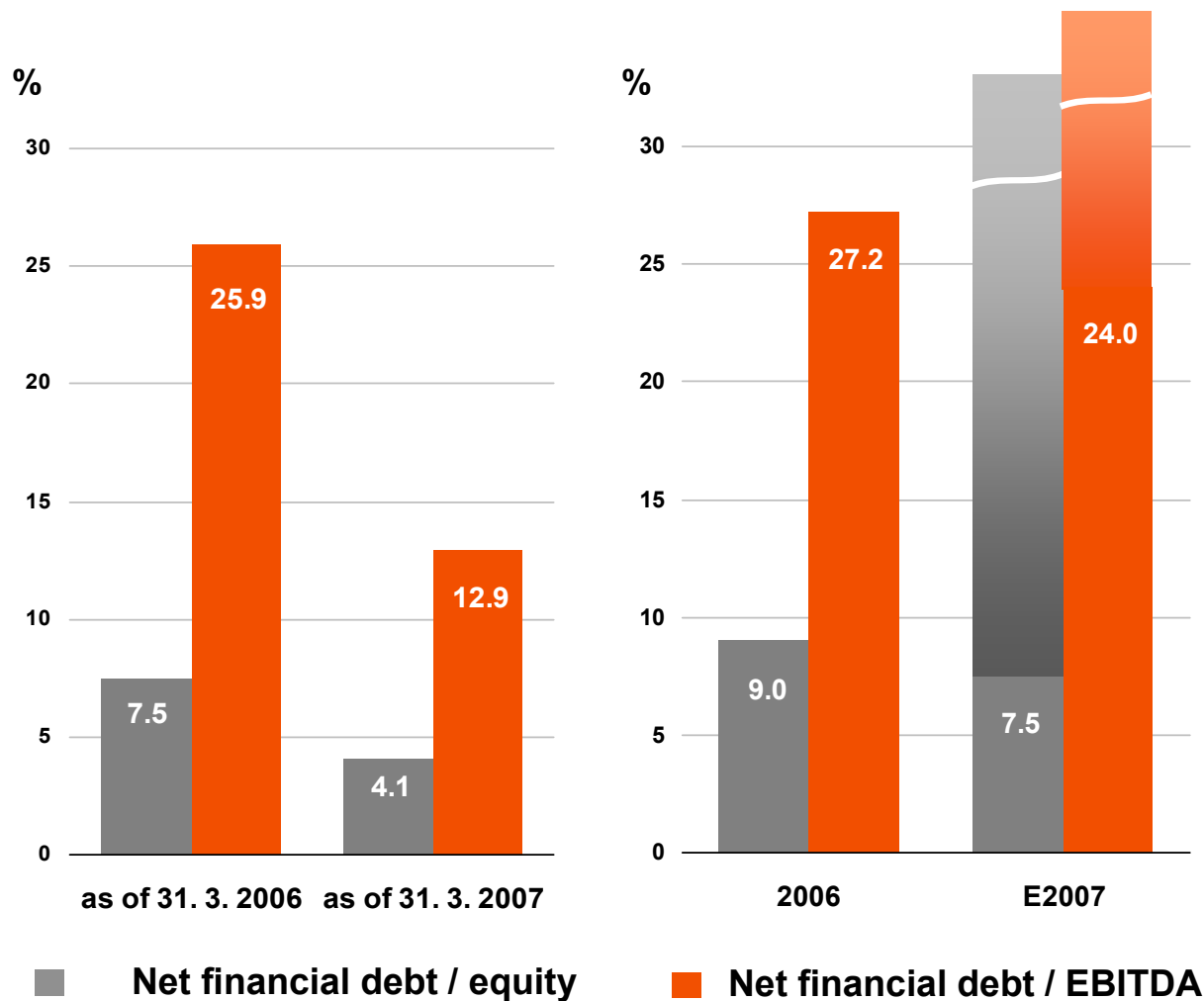
- CE*: mainly y-o-y decrease of distributed electricity to end customers by 0.7 TWh (by 8 %), which corresponds to y-o-y decrease of demand due to abnormally warm winter. After adjusting to normalized temperature the decrease would be 5%. We suppose that this distributed volume decrease will stay, but won't increase.
- SEE**: mainly lower margin in Romania due to lower sales by 7 % and higher purchasing tariffs (set by the Romanian Regulator) and decrease of sales to end customers in Bulgaria by 8% and similar to Romania, by higher purchasing tariffs. Purchasing tariffs in both countries are subject to further discussion.

* CE = segment Central Europe (CR, Poland, Netherlands, Germany)

** SEE = segment Southeastern Europe (Bulgaria, Romania, Kosovo, Serbia, Russia, Bosnia and Herzegovina, Ukraine)



INDEBTEDNESS WAS Y-O-Y DECREASING



- Y-o-y decrease of CEZ Group indebtedness is caused by an improving performance (increase of profit, cash and cash equivalents) and cumulation of funds before share buyback initiation.
- Guidance includes slight decrease of debts and expected increase of EBITDA.
- Share buyback and related decrease of equity and increase of debt are increasing the estimate for net financial debt and equity share (taking into account that the whole share buyback takes place already in 2007) app. to 45 %. Net financial debt/EBITDA would increase to 106.9 %.



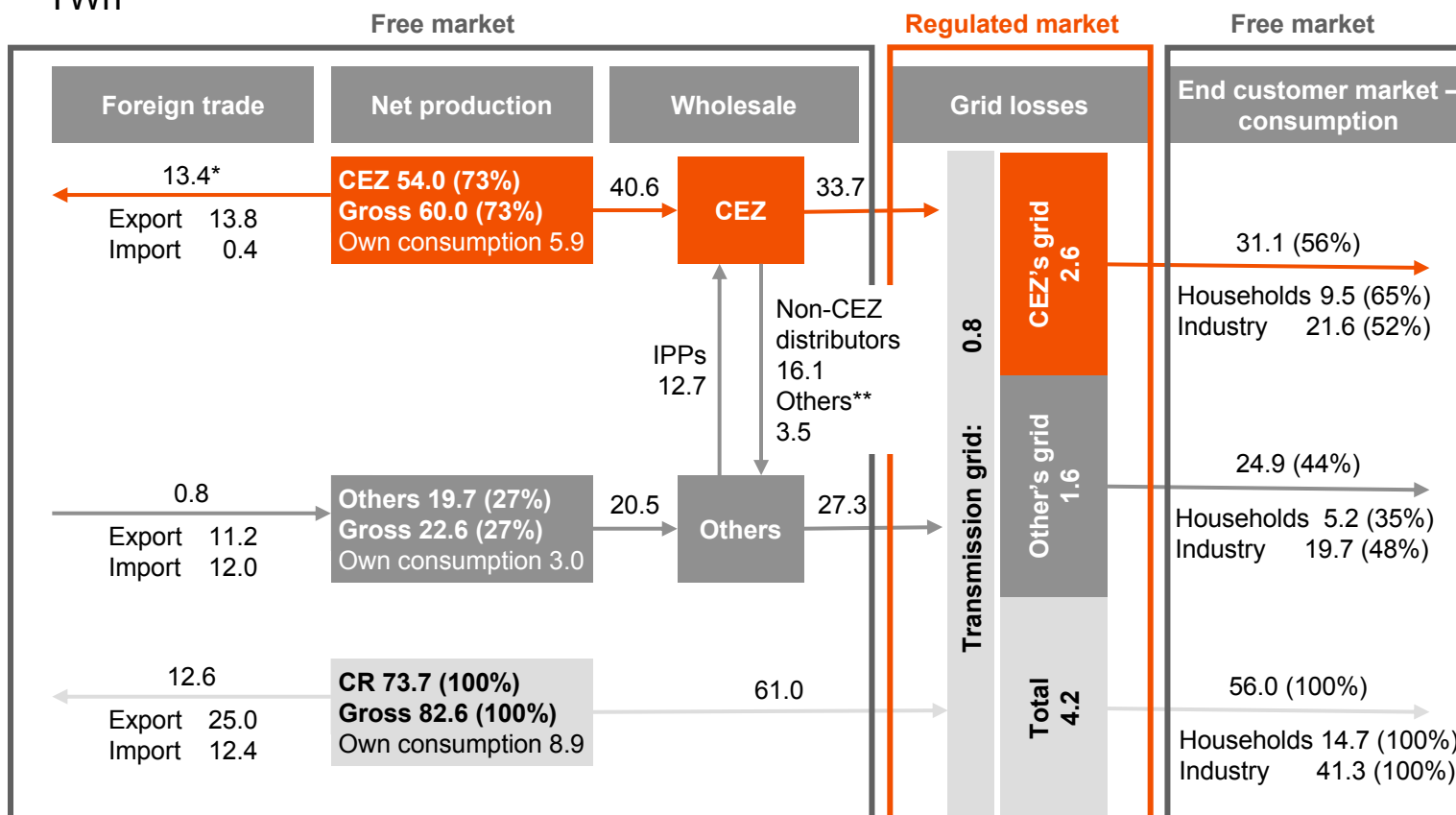
AGENDA

■ Summary for investors	2
■ Introduction	7
■ Overview of CEZ Group	7
■ Financial performance	13
■ Wholesale price development	26
■ Strategic initiatives of CEZ Group	42
■ Integration and operational excellence	44
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CEZ IS A KEY PLAYER IN ALL SEGMENTS OF THE LIBERALIZED CZECH ELECTRICITY MARKET

Czech electricity market in 2005 TWh



* Includes sales to domestic traders for export, excludes trading on the foreign liquid markets which do not impact volume

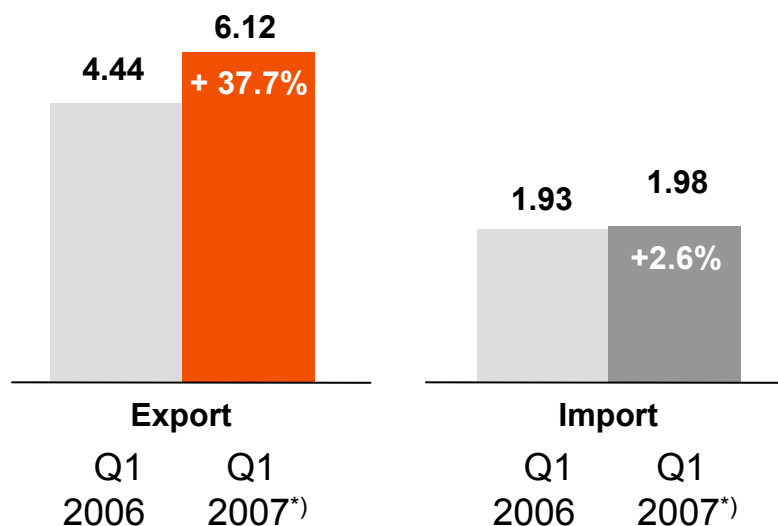
** Includes domestic power exchange trading, sales to grid operator to cover grid losses, direct sales to domestic traders for domestic consumption and other domestic sales



STRONG DEMAND FOR ELECTRICITY IS MAINLY CREATED BY SHORTAGE IN SLOVAKIA AND IN THE BALKAN REGION AFTER DECOMMISSIONING OF NUCLEAR UNITS

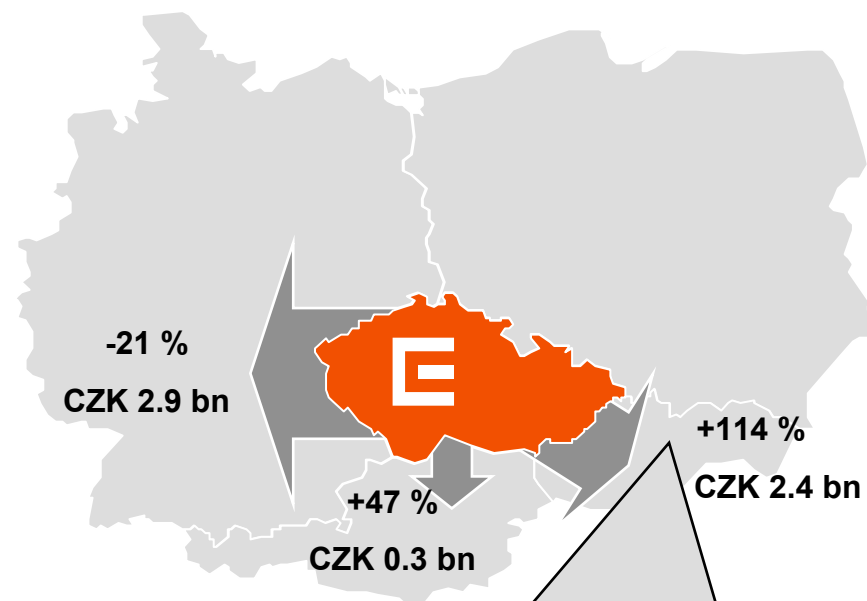
Volume of electricity export and import in CR according to ERU

TWh



*) preliminary data

Electricity export and y-o-y changes in Q1 2007



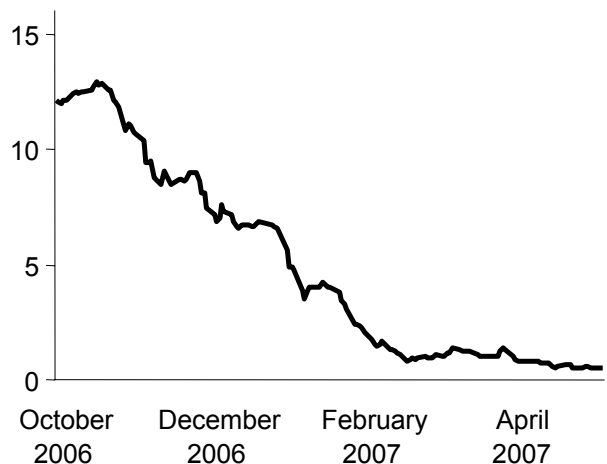
Significant growth thanks to shutdowns of nuclear power plants:

- Jaslovske Bohunice (Slovak Republic)
- Kozloduy (Bulgaria)

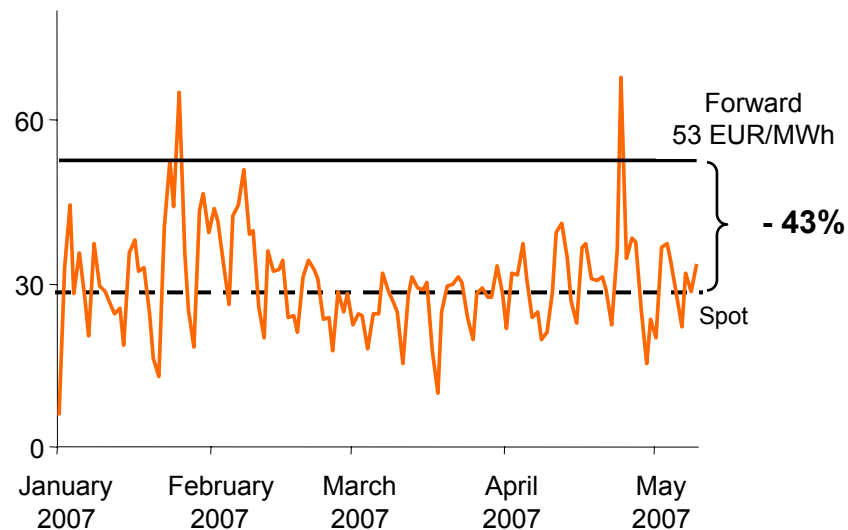


2007 SPOT ELECTRICITY PRICES SIGNIFICANTLY DECREASED MAINLY DUE TO COLLAPSE OF CO₂ ALLOWANCES PRICE

CO₂ allowances
EUR/t



Wholesale electricity price
EUR/MWh



— Annual forward electricity price on German market from 12/06
— Spot price at EEX



CEZ IS SUBJECT OF MARKET FORCES – LOST MARKET SHARE IN THE MOST COMPETITIVE SEGMENT WITH LOWEST MARGINS

Development of domestic end customer market share

%



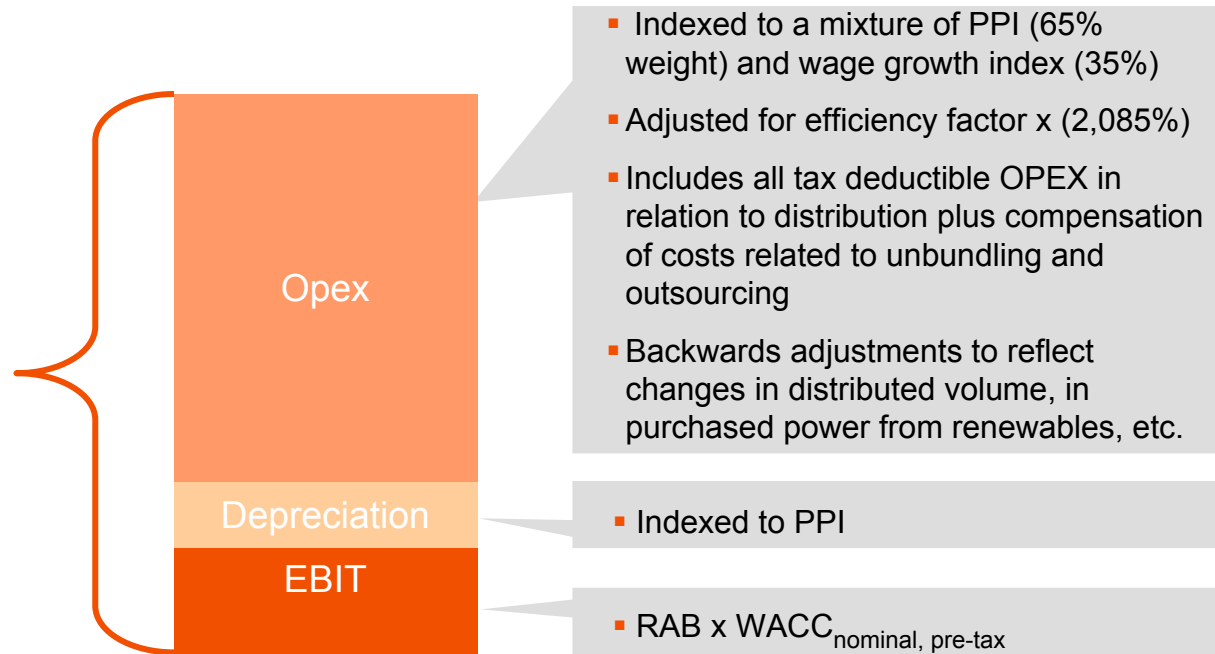
- Loss of market share did not have a negative impact on margins as these are very low in the most competitive market segment



PRINCIPLES OF REGULATION IN THE CZECH REPUBLIC ARE IDENTICAL TO THE REST OF EUROPE

Revenue Cap

- Set by the regulatory office
- Revised annually based on formula and key parameters valid through regulatory period



WACC_{nominal, pre-tax} - 7.955%

- Set for a full regulatory period

Risk free rate – 4.18%

Beta_{unlevered} – 0.35

Risk premium – 6.32%

D/(D+E) – 30.00%

RAB (Regulatory Asset Base)

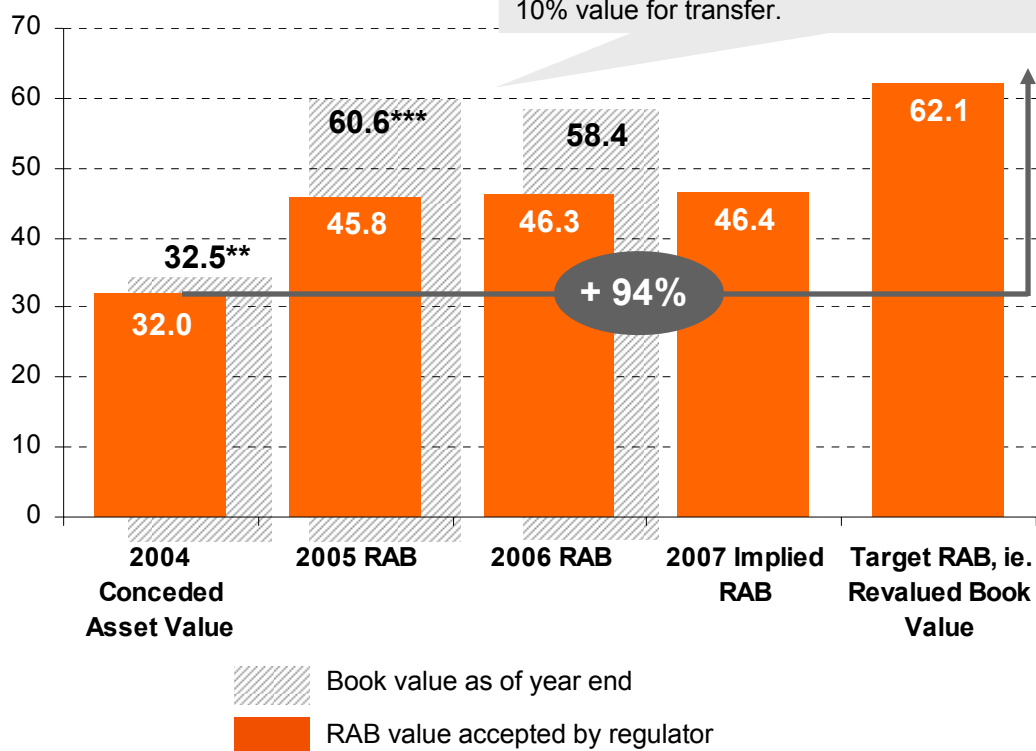
- Annually adjusted for changes

- To increase by 94% (from 2004 level) in the next several years



RAB IS BEING REVALUED TO REFLECT MARKET VALUE

RAB* development CZK bn



- RAB revaluation is a result of assets revaluation conducted as a part of assets transfer within Vision 2008 on the basis of requirement stipulated by commercial law
- Revaluation carried out for all transferred assets
- Part of assets formerly used in distribution moved to support companies and outsourcing
- One off item increasing profit by CZK 450 mil granted by regulator from 2006 on - partial compensation of depreciation revaluation

* Adjusted to reflect assets transfer to support companies

**Historical value of assets contributed into CEZ Distribuce

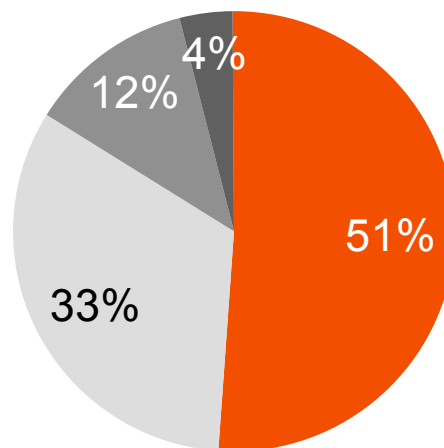
***Revalued asset value to the last asset contribution date 01/ 2006



APPROXIMATELY 33% OF CEZ DISTRIBUTION REVENUES ARE PASS-THROUGH SERVICES

Break-down of distribution revenues (2006)

CZK 30,199 bn.



- Distribution revenues without pass through items and losses
- Transmission fee (CEPS), CHP, renewables, decentralized production, OTE, system services (pass through)
- Distribution grid losses
- Other revenues



REVIEW OF BULGARIAN REGULATORY ENVIRONMENT

Regulatory Framework

- Regulated by SEWRC (State Energy and Water Regulatory Commission)
- The regulatory formula for distribution
 - Revenue cap = Costs + Regulatory return on RAB + Depreciation
 - Regulatory rate of return (WACC nominal, pre-tax) –16% for 1st regulatory period
 - CPI adjustment used for part of costs (OPEX) in 1st regulatory period
 - Losses in 1st regulatory period set by regulator – 21.5%
 - Efficiency factor shall be introduced in 2nd regulatory period
 - Investment plan – approved by Regulator on yearly basis

Regulatory period

- 1st regulatory period 1.10. 2005 – 31.9. 2008
- 2nd regulatory period 1.10. 2008 – 31.12. 2012

Unbundling

- Deadline – December 31, 2006
- Successfully completed in time

Liberalization

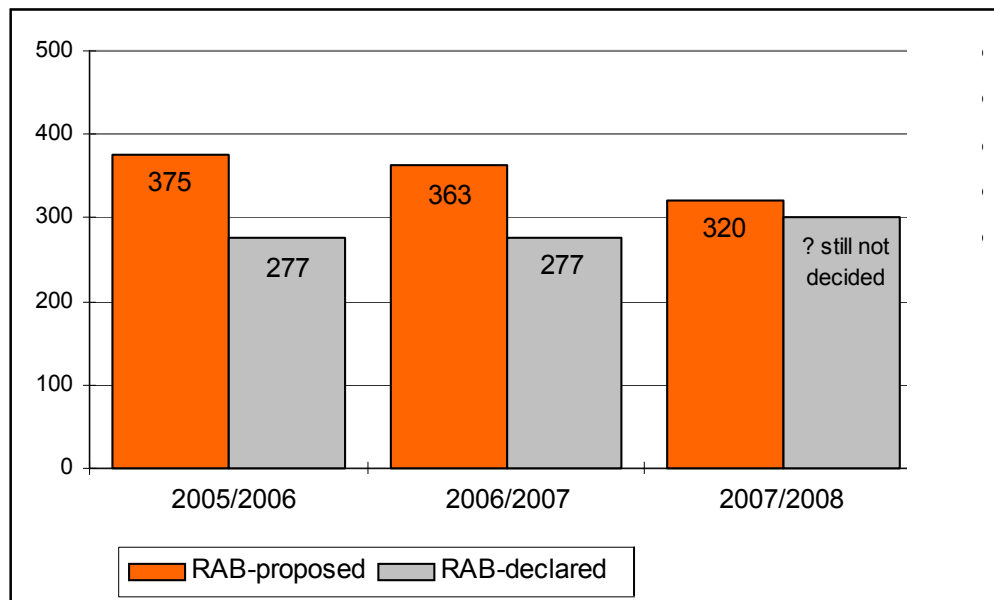
- All consumers excluding households have the right to become eligible (app. 60 % of the market), but the effective market degree is neglectable. Regulated tariffs are lower than the market price thus the customer doesn't have any incentive to go eligible.
- Starting July 2007 the market will be fully liberalized according to the legislation (However a transition period for households and small businesses is discussed as the market is not fully prepared)



BULGARIAN NEW REGULATORY RULES IN PLACE SINCE OCTOBER 2005 ARE BELOW OUR ORIGINAL PROPOSAL BUT STILL ABOVE VALUATION CASE

I. Regulatory period (10/2005 -10/2008)

EUR m (distribution and sales together)



- In 2005/2006 end user prices increased on average by 7,1% compared to 2005/2004
- In 2006/2007 end user prices increased on average by 0,7 % compared to 2006/2005 and we are expecting an increase in July 2007
- End user prices for 2007/2006 will be determined in July 2007
- Electricity purchase price from NEK and renewables in 2006/2007 rose faster than the end-user price (both regulated, but each on a different basis) , impacting the expected y-o-y results

- Significant reduction of regulated Capex (72% vs. CEZ proposal)
- Similar reduction for all three groups in Bulgaria (EVN, E.ON and CEZ)
- Reduced Capex threatens safety of distribution network and meeting EU norms in the long run
- Distributors filed a complaint against the decision.
- Assumed ROIC is still above original valuation case (savings from losses reduction, synergy effect, efficiency improvements)

- For **sales to captive customers** (still regulated), the tariff determination principles are the same as for distribution tariffs



REVIEW OF ROMANIAN REGULATORY ENVIRONMENT – ELECTRICITY DISTRIBUTION

Regulatory Framework

- Regulated by ANRE (Autoritatea Nationala de Reglementare in domeniul Energiei)
- Price cap (tariff basket) methodology
- Revenue = Controllable OPEX + non-controllable OPEX + Regulatory return on RAB + Depreciation
 - Efficiency factor of 1% applied only to controllable OPEX - annually
 - Losses (technical+commercial) reduction program agreed with ANRE (target 2012 – average of 9.5%); CEZ almost achieved 2012 target now
 - Minimum quality standard in formula
 - Possibility for annual corrections
 - Regulatory return (WACC real, pre-tax) equals
 - 12% in 1st regulatory period
 - 10% in 2nd regulatory period
- Distribution tariff growth capped in real terms at:
 - 18% in the first regulatory period
 - 12% in the second regulatory period

If distribution tariff increase is higher y-o-y than indicated (18;12%) regulator will return the difference in the following year

Regulatory periods

- 1st regulatory period 1.1. 2005 – 31.12. 2007*
- 2nd regulatory period 1.1. 2008 – 31.12. 2012

Unbundling

- Legal deadline according to Electricity law July 1, 2007
- CEZ - first company in Romania achieving legal unbundling on March 15, 2007

Liberalization

- New Electricity law (no.13/2007; harmonized with EU directives) calls for full liberalization by July 2007
- Since July 2005 - 83 % of electricity market opened, protected customers include households and small commercial customers opting out from eligibility
- Effective market degree approx. 55%; 60 active suppliers (end-user suppliers and traders)
- Prolongation of the tariff regulation after the full opening of the market for households and small commercials

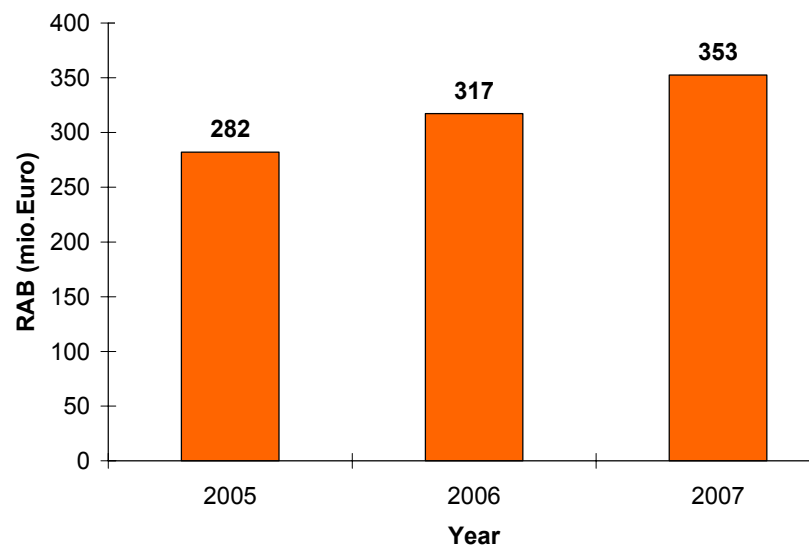
* Regulatory period lasts 5 years except first regulatory period that lasted 3 years



ROMANIAN REGULATORY FRAMEWORK IS SIMILAR TO CZECH AND EU

I. Regulatory period (2005 - 2007)

EUR m*



- Regulatory framework for distribution is price cap type (tariff basket), based on RAB regulated return (12% pre-tax, real terms WACC for first regulatory period – 2005-2007)
 - Regulator targets maximum own technical consumption at 9.5% of total consumption by 2012 (El. Oltenia target was 10.7% in 2006 and 10.5% in 2007)
 - Investment plan approved by ANRE in advance before regulatory period
 - Electrica Oltenia - the only distribution company having negotiated the maximum distribution tariff growth in 2007
-
- For **sales to captive customers** (still regulated), the approach is 2.5% margin on top of electricity procurement costs (including wholesale price, transmission, ancillary services, market administration)

* Exchange rate used as of year end



NEW EU ENERGY POLICY – PROPOSAL OF NEW MEASURES (1/2)

Proposals of the Commission

- **Ownership unbundling** of transmission and distribution or instituting **Independent System Operator**
- **Cooperation strengthening of national regulatory offices – ERGEG+, new institution or competence to EC**
- **New transparency rules**

Position of CEZ Group

- **Effective application of existing laws** sufficient, support of independent system operators
- **Review powers for European Commission** similar to antitrust laws
- **Adherence to transparency principles** by all market participants with no exceptions, providing **information ex-post**

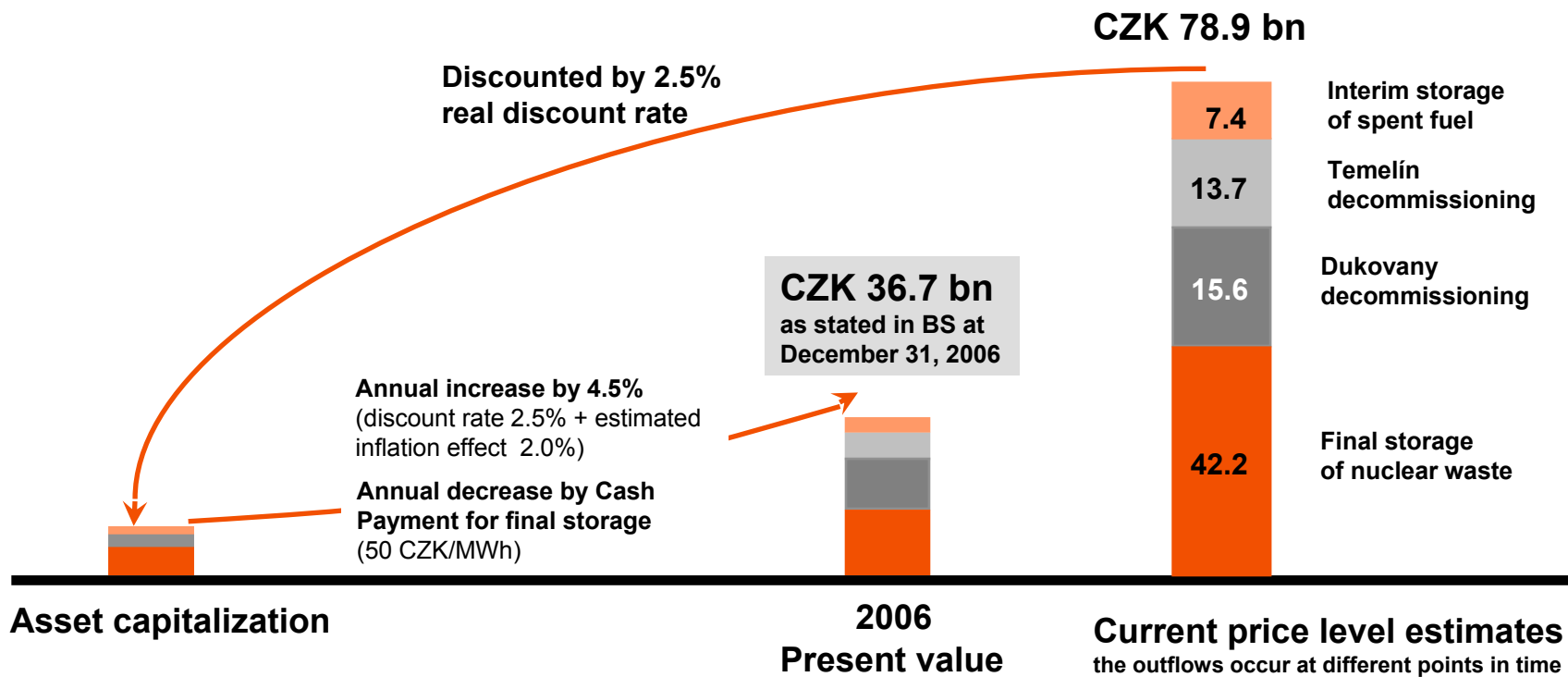


NEW EU ENERGY POLICY – PROPOSAL OF NEW MEASURES (2/2)

- **Priority interconnection plan**
- **European Customer Charter**
- **Correspondent network for questions on energy security**
- **20% share of renewables in the energy mix**
- **Use of coal capacity**
- **High level group on nuclear security**
- **Energy observatory**
- **Necessity of new investments** into infrastructures and connectivity of EU market
- **Improve availability of information** for customers
- **Security of supply – priority**
- **Setting achievable national targets** – share of all CO₂ free technologies
- **Emphasis on CO₂ sequestration and storing** since 2020
- **Support of objective discussion**, participation of **all EU members** required
- **New institutions only once their competence is precisely defined**



NUCLEAR PROVISIONS IFRS STATEMENTS ARE FULLY IN LINE WITH IAS 37





FIRST SIGNIFICANT SAVINGS WITHIN VISION 2008 PROJECT WERE ACHIEVED FOR EXAMPLE IN PROCUREMENT

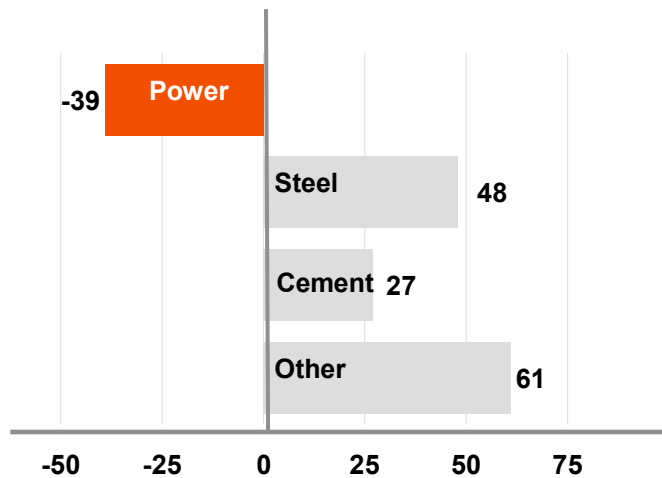
Examples of procurement savings



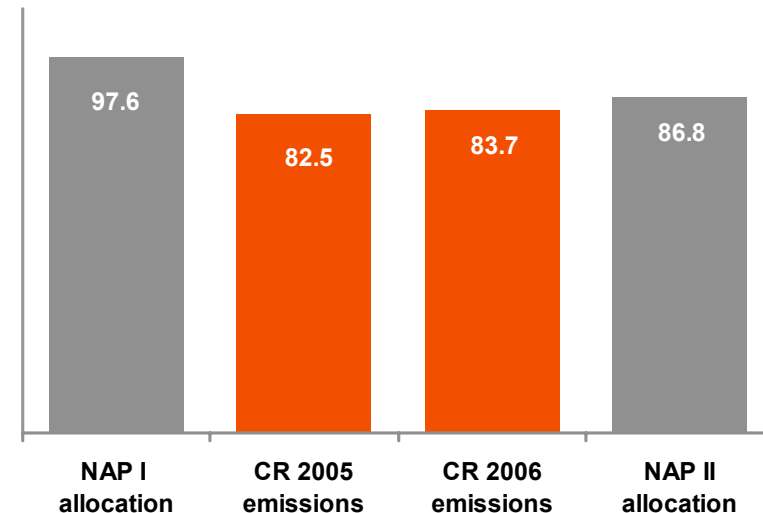


IN NAP I POWER INDUSTRY WAS THE ONLY INDUSTRY IN DEFICIT

EU first phase allocation – surplus/deficit
2005, mil. tons CO₂



Czech Republic CO₂ allocation vs. emissions
mil. tons CO₂



- Czech Republic's CO₂ emissions reached 82.5 m tons in 2005
- EC set NAP II allocation at 86.8 m tons
- Allocation to individual emitters published – CEZ received 34.3 mil. tons
- In NAP I certain industries in CR saw surplus up to 61 %

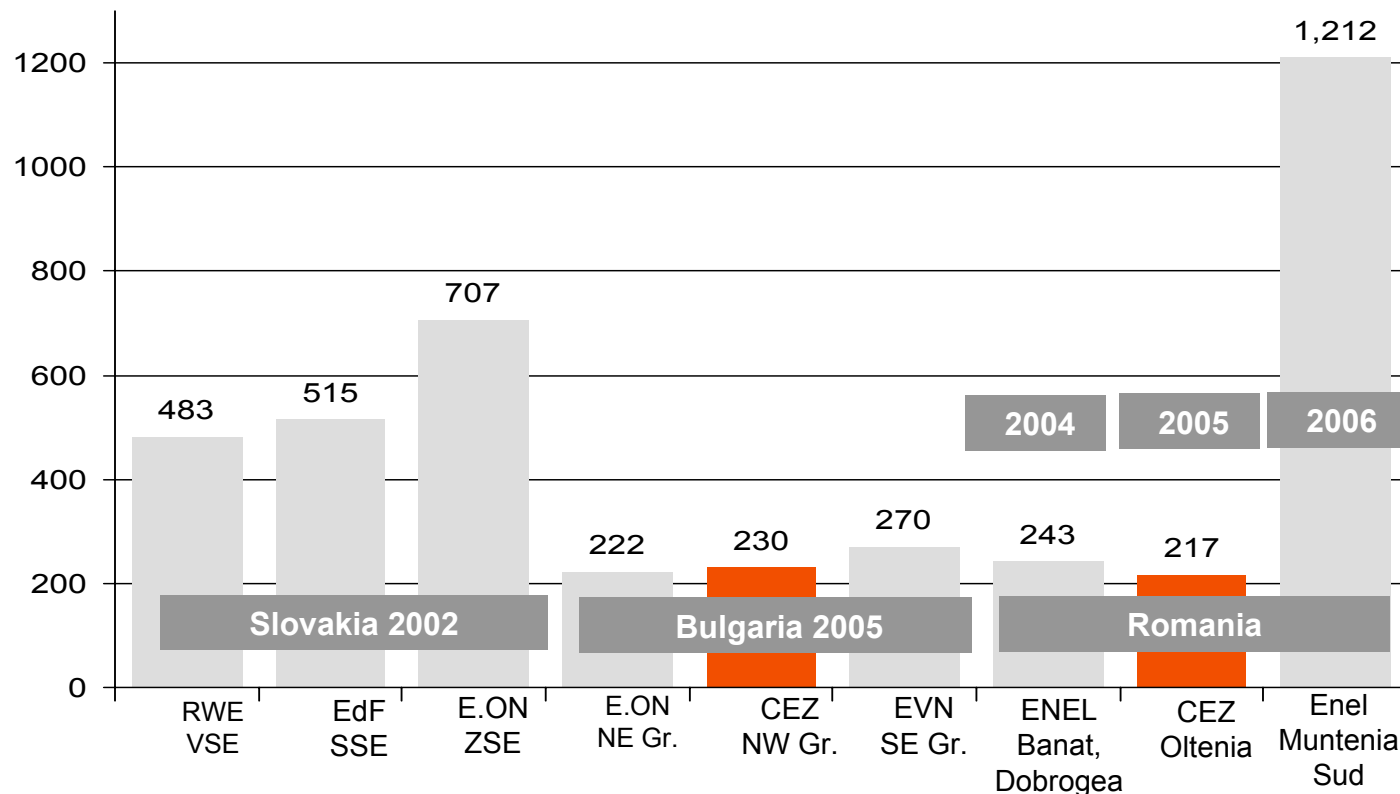


CEZ ACQUIRED FOREIGN COMPANIES AT MUCH MORE FAVOURABLE PRICE THAN OTHER COMPETITORS



Price per customer in privatizations of CEE power distribution companies

EUR/customer





ELCHO IS A BRAND NEW POWER PLANT COMMISSIONED IN 2003

Elektrociepłownia Elcho Sp. z o. o.



Basic figures

<i>million EUR*</i>	2004	2005	2006
Revenues	89.3	88.4	86.5
EBITDA	44.9	44.5	36.5
EBIT	36.2	35.9	28.0
Net profit	42.0	-6.9	19.6
Net debt (debt - cash)	251.4	253.3	260.6

Electricity sales (TWh)	n . a .	1.4	1.4
Installed capacity (MWe)		238	
Installed capacity (MWt)		500	
Fuel		coal	
Commissioned		2003	
Stake controlled		89%	

*2004-2005 Polish accounting standards, converted at 3.85 PLN/EUR; 2006 converted at CZK 28.3 / EUR

- Brand new power plant commissioned in 2003
- Meets all environmental limits including those in place since 2008
- Revenues from electricity sales make c. 83% of revenues, remainder is mainly heat
- Production covered by long term power purchase agreements till 2023
- The heat is supplied mainly for residential heating
- Elcho has a long term agreement for coal supplies; the power plant is located close to the supplying mines
- Allocated CO2 cover full anticipated production
- Excellent management team - expertise to be utilized in further expansion
- Proximity to CEZ's 800MW hard coal power plant – Detmarovice (50 km) - possible future synergies, incl. possibility of joint coal supply



SKAWINA IS AN UPGRADED PLANT WITH EXPOSURE TO OPEN MARKET SET TO PROFIT FROM PRICE CONVERGENCE AND INCREASED HEAT OFF-TAKE

Elektrownia Skawina S.A.



Basic figures

<i>million EUR*</i>	2004	2005	2006
Revenues	99.5	104.9	98.6
EBITDA	9.0	5.2	12.8
EBIT	3.8	0.1	9.7
Net profit	3.0	0.1	7.3
Net debt (debt - cash)	9.3	18.9	38.6

Electricity sales** (TWh)	2.4	2.7	2.6
Installed capacity (MWe)		592	
Installed capacity (MWt)		618	
Fuel		coal	
Stake controlled		75%	

- Electricity generation part commissioned in 1961, heating part in 1986
- Almost half of the plant continuously refurbished since 1993; some further investments needed to meet stricter emission limits in 2008
- Potential to increase existing generation from biomass
- Electricity is sold in open market; we anticipate that the Polish open market prices will converge to the German ones in the next 5-7 years
- Potential to increase - up to 20% increase in heat off-take in 2006-2011
- Skawina's CO2 allocation per MW installed capacity among the highest in Poland
- Excellent management team - expertise to be utilized in further expansion
- Proximity to CEZ's 800MW hard coal power plant

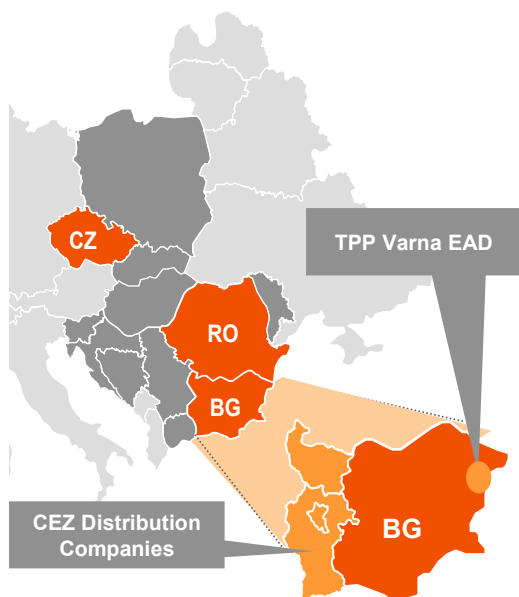
* Polish accounting standards, converted at 3.85 PLN/EUR, year 2006 converted at CZK 28.3 / EUR

** Excluding balanced trading in open markets



TPP VARNA IS THE LARGEST BULGARIAN THERMAL POWER PLANT

TPP Varna EAD



Basic figures

<i>million EUR*</i>	2004	2005	2006
Revenues	69.2	73.3	88.6
EBITDA	8.9	4.9	10
EBIT	3.4	-1.0	3.5
Net profit	2.8	-1.1	3.4
Net debt	2.9	1.0	-102.5

Electricity sales (TWh)	2.2	2.4	2.8
Installed capacity (MWe)	6 x 210		
Fuel	hard coal		
Commissioned	3 units in late 60's, 3 units in late 70's		
Number of employees	900		
Stake acquired	100%		

Transaction Consideration

- Acquisition of 100% shares	EUR 206.0m
- New equity subscription (16% increase)	EUR 99.8m
- CEZ also committed to contribute an additional EUR 40m in an investment fund that will implement projects in the energy sector .	

- Three units commissioned in late 60's, other three a decade later (units 1 to 3 commissioned over the period 1968-1969; units 4 to 6 completed in 1977 - 1979)
- Negotiated extension of deadline for meeting stricter EU emission limits till 2016; estimated EUR 130-160 mil CAPEX to meet the requirements (FGD, deNOx, other)
- Historically dispatched at 25% utilization of net available capacity; utilization will increase significantly after 2007 driven by decommissioning of Kozloduy 3rd and 4th units (880 MW), consumption growth and liberalization of cross-border trade
- During first 5 years after the privatization the plant's fixed cost will be - to a large extent - covered by proceeds from the cold reserve contract between Varna and NEK, covering 3 units of the plant
- Bulgarian wholesale price to converge to European price in 10-15 years driven by liberalization of cross border trading and increasing domestic demand
- Fuel purchased at international prices, currently mainly from Russia and Ukraine, supplied directly from Varna port



IMPLEMENTATION AGREEMENT SIGNED ON CONSTRUCTION OF GACKO II POWER PLANT



■ On 16. 5. 2007 the implementation agreement in Gacko was signed:

- Contribution of current power plant and mine into the joint venture till 31. 3. 2008 – increase of stated capital from ERS side, valuation to 31.12. 2007
- Completion of stated capital increase based on implementation contract to app. EUR 400 m to 31. 3. 2008 from CEZ side
- CEZ company share 51 %

■ Joint venture company NERS, d.o.o., will invest app. EUR 1.4 bn in years 2007 – 2015

■ Investment consists of the following steps:

- Construction of a new unit Gacko II; installed capacity 600 – 700 MW.
- Enlargement of lignite mine (tripling of current mining volume between 2007 and 2015).
- Modernization of existing 300MW unit – complex refurbishment till year 2025, environmental upgrade

Investment will be financed by a combination of CEZ contribution to joint venture, debt financing and also cash generated by operation of current power plant Gacko I – detailed structure will be defined on the turn of 2007 / 2008.

Stated capital of NERS, d.o.o. is now KM 800,000

KM = convertible mark, local currency in Bosnia and Herzegovina linked to EUR with a fixed exchange rate: 1 KM = 0.51129 EUR



GACKO PROJECT TIMETABLE (BASIC SCENARIO)

Expected timeline of the project

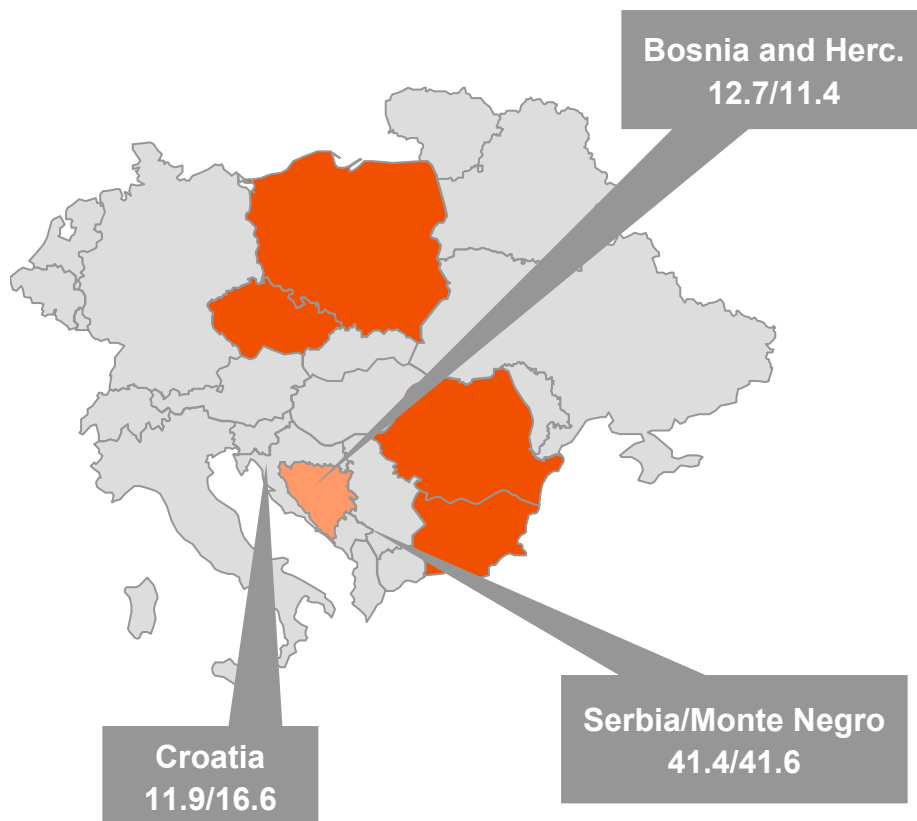


Existing Gacko facility (300 MW)



SELECTED DETAILS ON BOSNIA AND HERCEGOVINA

Power balance in the region (2005) TWh (production/consumption^x)



^x source: UCTE

MW	out of that ERS:	
Installed Capacity:	4,052	1,346
Hydro	2,095	746
Coal	1,957	600

TWh	2004	2005
Generation	12.7	12.7
Hydro	6.0	6.0
Coal	6.7	6.7
Consumption	10.7	11.4
Export	2.0	1.3

	2004	2005*	2006*	2007*
Real GDP growth (%)	6.2	5.0	5.3	5.3
Industrial production growth (%)	12.4	10.0	10.0	10.0

* Economist Intelligence Unit

- In May 2006 the energy regulator of Bosnia and Herzegovina (BiH) adopted a decision on power market liberalization.
- According to this the whole market excluding households will be liberalized as of January 2009; households to be liberalized as of January 2015.
- The schedule is conditioned upon on „*the circumstances and development of the electricity market in BiH, the electricity markets in the countries of South-East Europe and BiH's inclusion in the single European energy market.*”
- The decision above is not reflected in BiH legislation.



SELECTED HISTORICAL FINANCIALS OF CEZ GROUP CZK

Profit and loss

	<i>CZK bn</i>	2003	2004	2005	2006
<u>Revenues</u>		<u>87.3</u>	<u>102.7</u>	<u>125.1</u>	<u>159.6</u>
Sales of electricity		79.0	92.2	115.9	148.3
Heat sales and other revenues		8.3	10.5	9.1	11.3
<u>Operating Expenses</u>		<u>53.7</u>	<u>63.0</u>	<u>74.9</u>	<u>95.2</u>
Purchased power and related services		21.1	26.5	37.5	53.5
Fuel		9.2	9.3	9.0	11.6
Salaries and wages		9.7	11.4	13.4	15.1
Other		13.7	15.9	15.0	15.0
<u>EBITDA</u>		<u>33.6</u>	<u>39.6</u>	<u>50.2</u>	<u>64.4</u>
<i>EBITDA margin</i>		<i>38%</i>	<i>39%</i>	<i>40%</i>	<i>40%</i>
Depreciation		18.5	19.8	20.7	24.3
<u>EBIT</u>		<u>15.0</u>	<u>19.8</u>	<u>29.4</u>	<u>40.1</u>
<i>EBIT margin</i>		<i>17%</i>	<i>19%</i>	<i>24%</i>	<i>25%</i>
<u>Net Income</u>		<u>9.6</u>	<u>13.2</u>	<u>21.5</u>	<u>27.7</u>

Balance sheet

	<i>CZK bn</i>	2003	2004	2005	2006
Non current assets		271.9	271.7	280.4	302.0
Current assets		24.7	27.5	43.8	66.7
- out of that cash and cash equivalents		5.0	8.9	16.8	30.9
<u>Total Assets</u>		<u>296.6</u>	<u>299.3</u>	<u>324.2</u>	<u>368.7</u>
Shareholders equity (excl. minority. int.)		171.1	178.4	191.3	207.7
Interest bearing debt		38.8	41.8	38.7	48.4
Other liabilities		86.7	79.0	94.2	112.6
<u>Total liabilities</u>		<u>296.6</u>	<u>299.3</u>	<u>324.2</u>	<u>368.7</u>

Note: 2003 and 2004 results were restated to comply with pooling of interests method regarding Severoceske doly, i.e. the restated financials are as if CEZ had held 93% in Severoceske doly throughout the whole period of 2003 - 2005.



SELECTED HISTORICAL FINANCIALS OF CEZ GROUP

EUR

Profit and loss	<i>EUR m</i>	2003	2004	2005	2006
<u>Revenues</u>		<u>3,009</u>	<u>3,540</u>	<u>4,312</u>	<u>5,502</u>
Sales of electricity		2,723	3,178	3,998	5,113
Heat sales and other revenues		286	362	315	389
<u>Operating Expenses</u>		<u>1,852</u>	<u>2,174</u>	<u>2,583</u>	<u>3,282</u>
Purchased power and related services		728	914	1,292	1,844
Fuel		316	321	311	401
Salaries and wages		334	392	463	520
Other		474	546	518	517
<u>EBITDA</u>		<u>1,157</u>	<u>1,366</u>	<u>1,729</u>	<u>2,220</u>
<i>EBITDA margin</i>		<i>38%</i>	<i>39%</i>	<i>40%</i>	<i>40%</i>
Depreciation		638	684	715	837
<u>EBIT</u>		<u>519</u>	<u>682</u>	<u>1,014</u>	<u>1,383</u>
<i>EBIT margin</i>		<i>17%</i>	<i>19%</i>	<i>24%</i>	<i>25%</i>
<u>Net Income</u>		<u>331</u>	<u>456</u>	<u>740</u>	<u>955</u>

Balance sheet	<i>EUR m</i>	2003	2004	2005	2006
Non current assets		9,374	9,368	9,668	10,412
Current assets		853	949	1,510	2,298
- out of that cash and cash equivalents		173	308	579	1,066
<u>Total Assets</u>		<u>10,227</u>	<u>10,317</u>	<u>11,178</u>	<u>12,710</u>
		0	0	0	0
Shareholders equity (excl. minority. int.)		5,898	6,152	6,596	7,159
Interest bearing debt		1,339	1,442	1,336	1,670
Other liabilities		2,990	2,723	3,247	3,881
<u>Total liabilities</u>		<u>10,227</u>	<u>10,317</u>	<u>11,178</u>	<u>12,710</u>

Exchange rate used: 29 CZK/EUR

Note: 2003 and 2004 results were restated to comply with pooling of interests method regarding Severoceske doly, i.e. the restated financials are as if CEZ had held 93% in Severoceske doly throughout the whole period of 2003 - 2005.



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