

CEZ GROUP STRATEGY

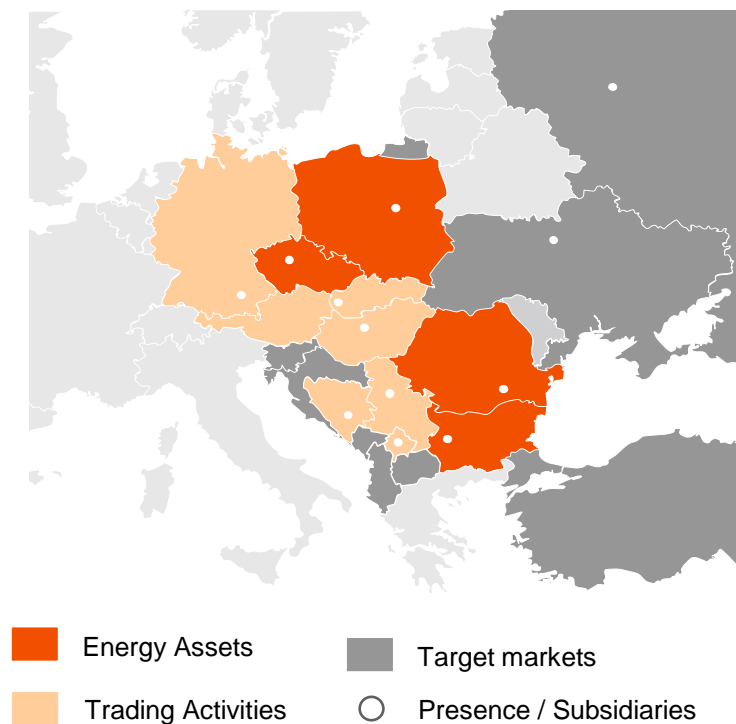
MARTIN ROMAN
CHIEF EXECUTIVE OFFICER

Capital Markets Day
Prague, October 2nd, 2008



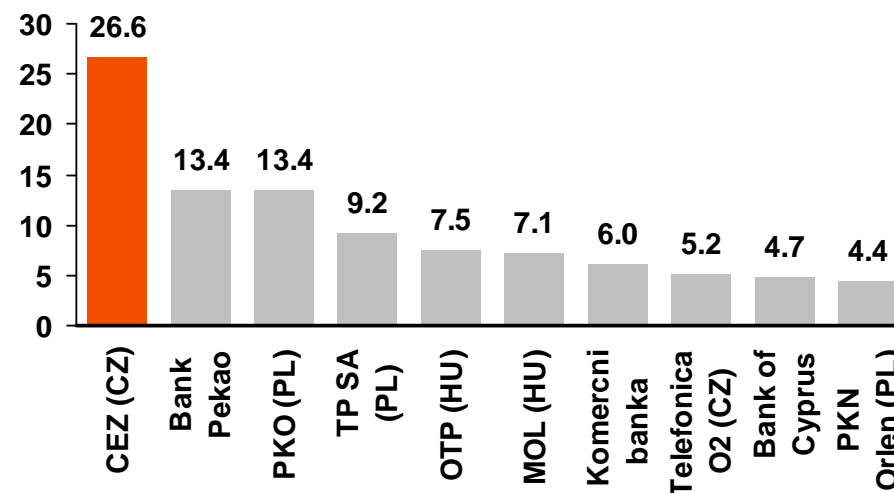
CEZ GROUP IS THE LEADER IN CENTRAL AND SOUTH EASTERN EUROPE

- **CEZ is the largest company by market capitalization among new EU member states**
- **CEZ has established presence in 12 countries in Europe**



Market capitalization

(EUR m, as of September 26, 2008)

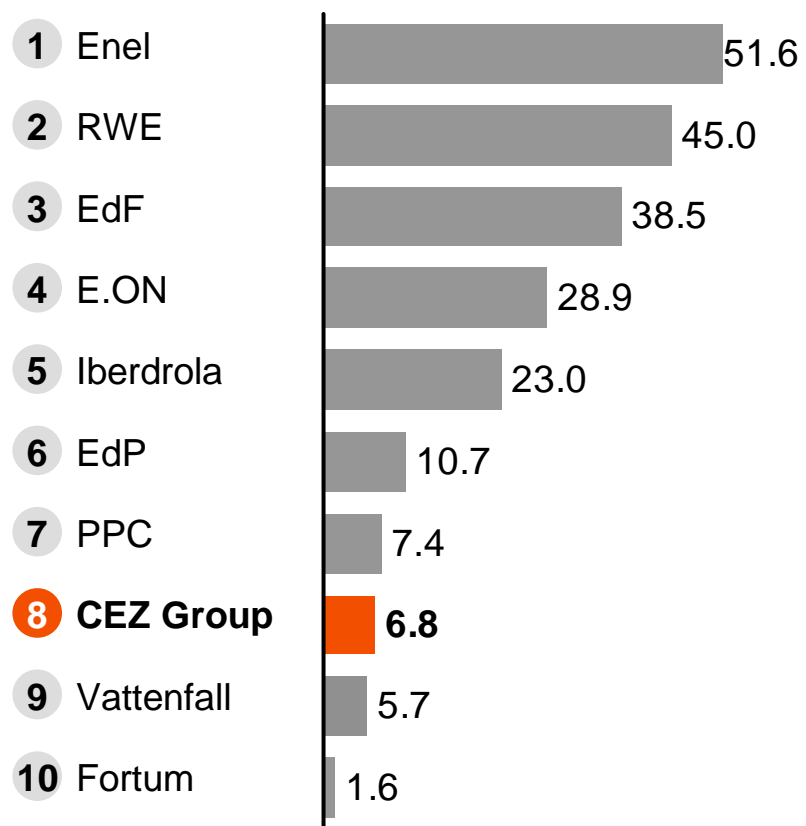




CEZ GROUP RANKS AMONG THE TOP 10 LARGESTS UTILITY COMPANIES IN EUROPE

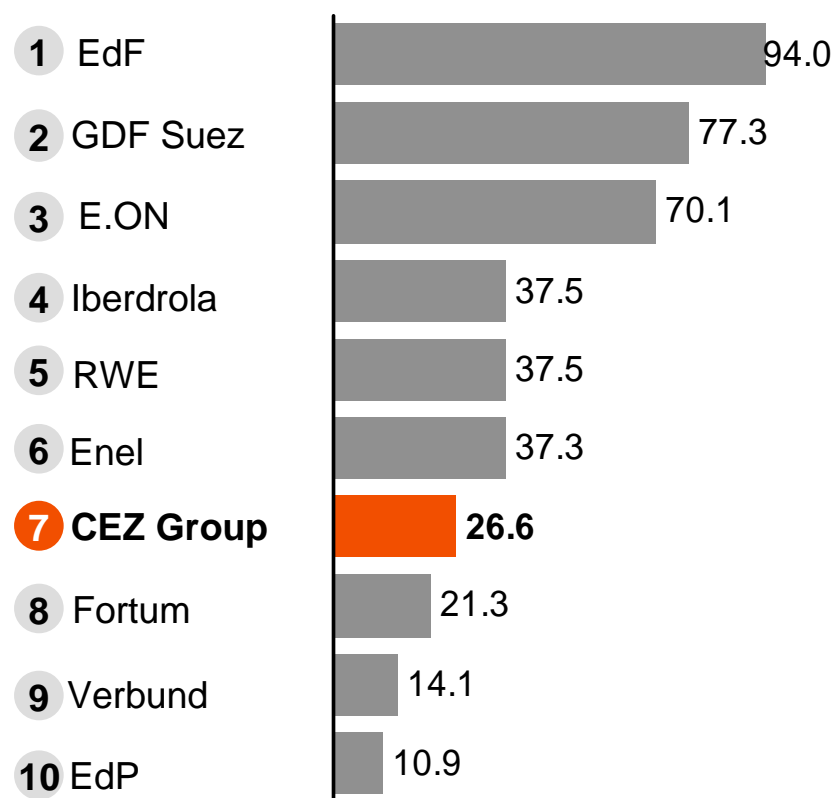
Top 10 European power utilities

Number of customers, million



Top 10 European power utilities

Market capitalization, EUR bn, as of September 26, 2008



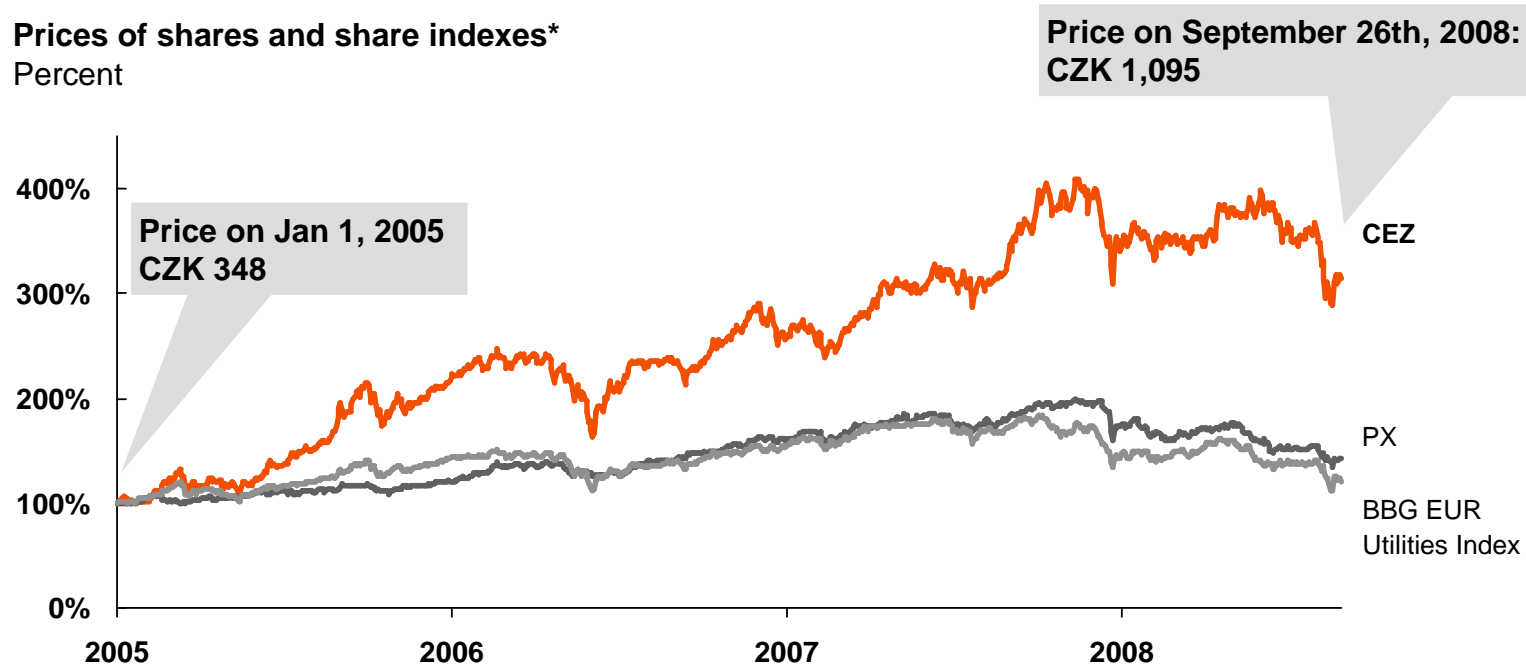


CEZ GROUP IS A COMPANY WITH HIGHEST GROWING SHAREHOLDER VALUE

CEZ creates shareholder value through:

- 1. Increasing profits and margins**
- 2. Foreign expansion**

Prices of shares and share indexes*
Percent



* Rebased to January 1, 2005

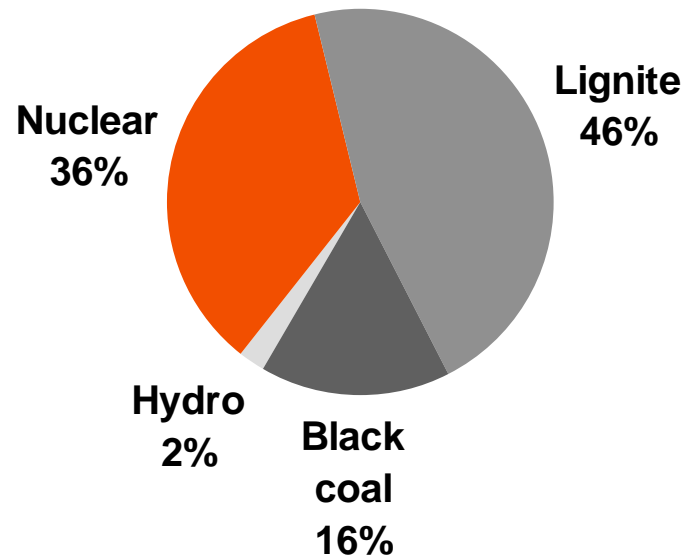


CEZ GROUP IS BENEFITING FROM LOW COST GENERATION FLEET...

1.

CEZ Group generation (2007)

Total: 73,793 GWh



- Nuclear plants have very low operational costs
- Coal power plants are using mostly lignite from CEZ's own mine
- CEZ has 100% free allocation of CO₂ allowances for NAPII i.e. 2008-2012

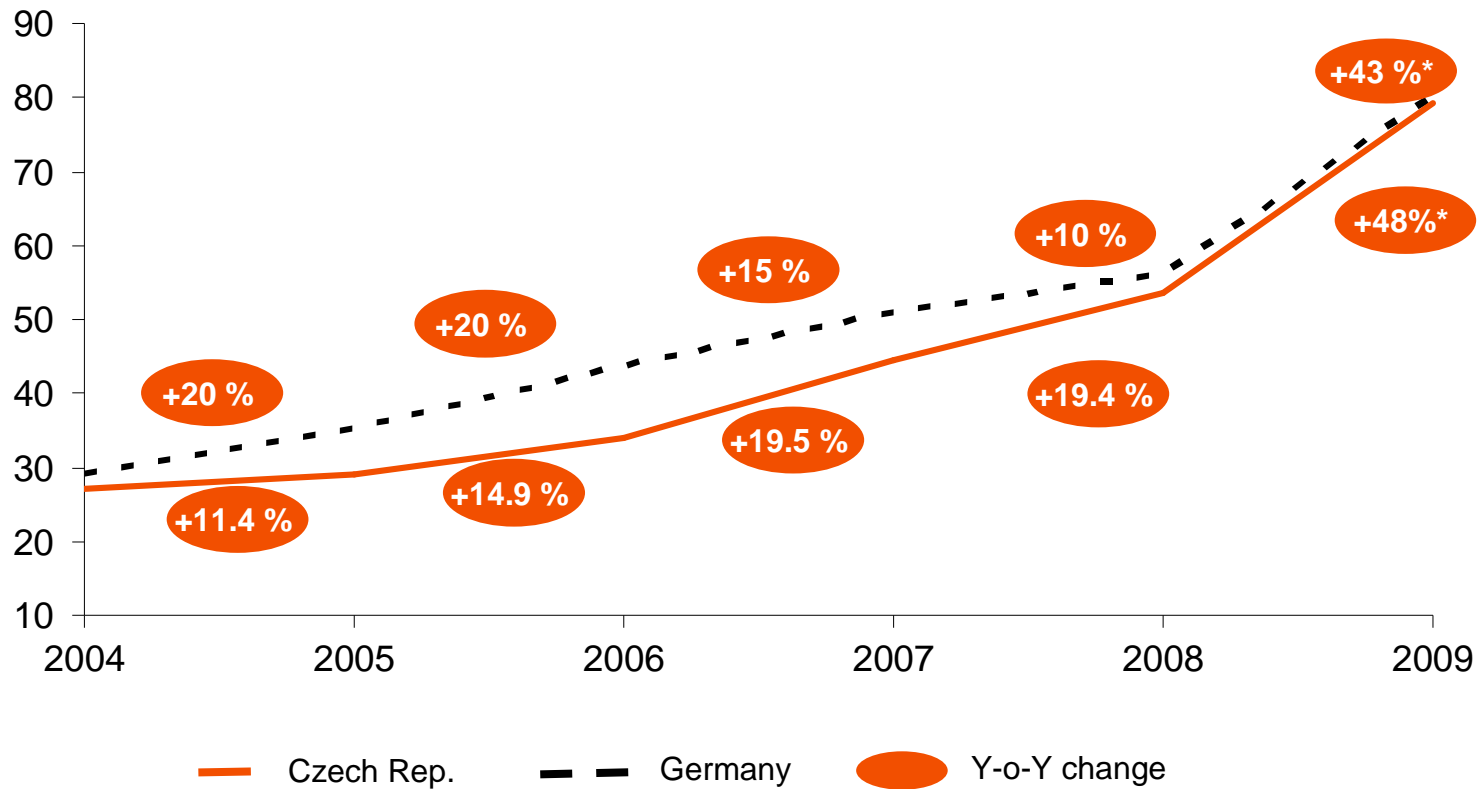
CEZ is in an ideal position in current environment of growing electricity prices



... AND FROM GROWING ELECTRICITY PRICES IN EUROPE AND IN THE CZECH REPUBLIC

1.

Wholesale power price (EUR / MWh)
(Year ahead baseload as of 20 Aug)



* Prices as of September 26, 2008

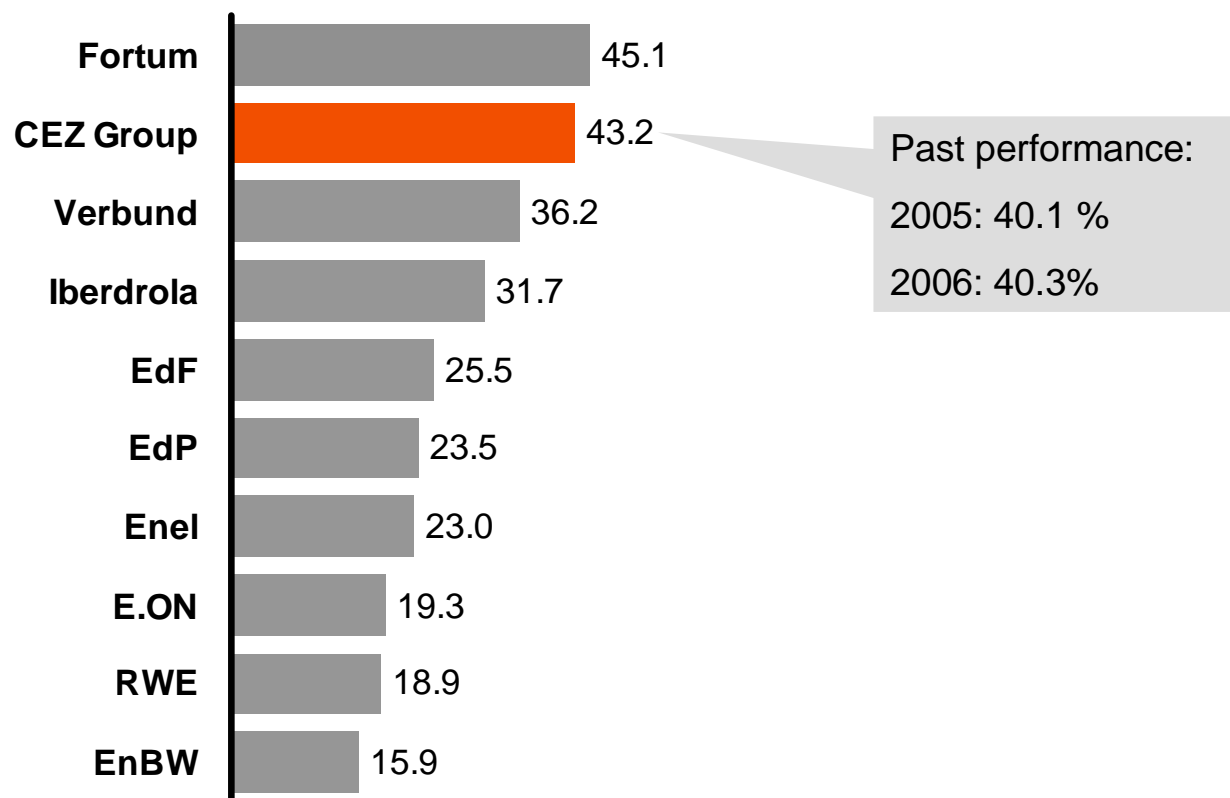


CEZ GROUP IS ONE OF THE MOST PROFITABLE UTILITIES

1.

EBITDA margin, 2007

Percent





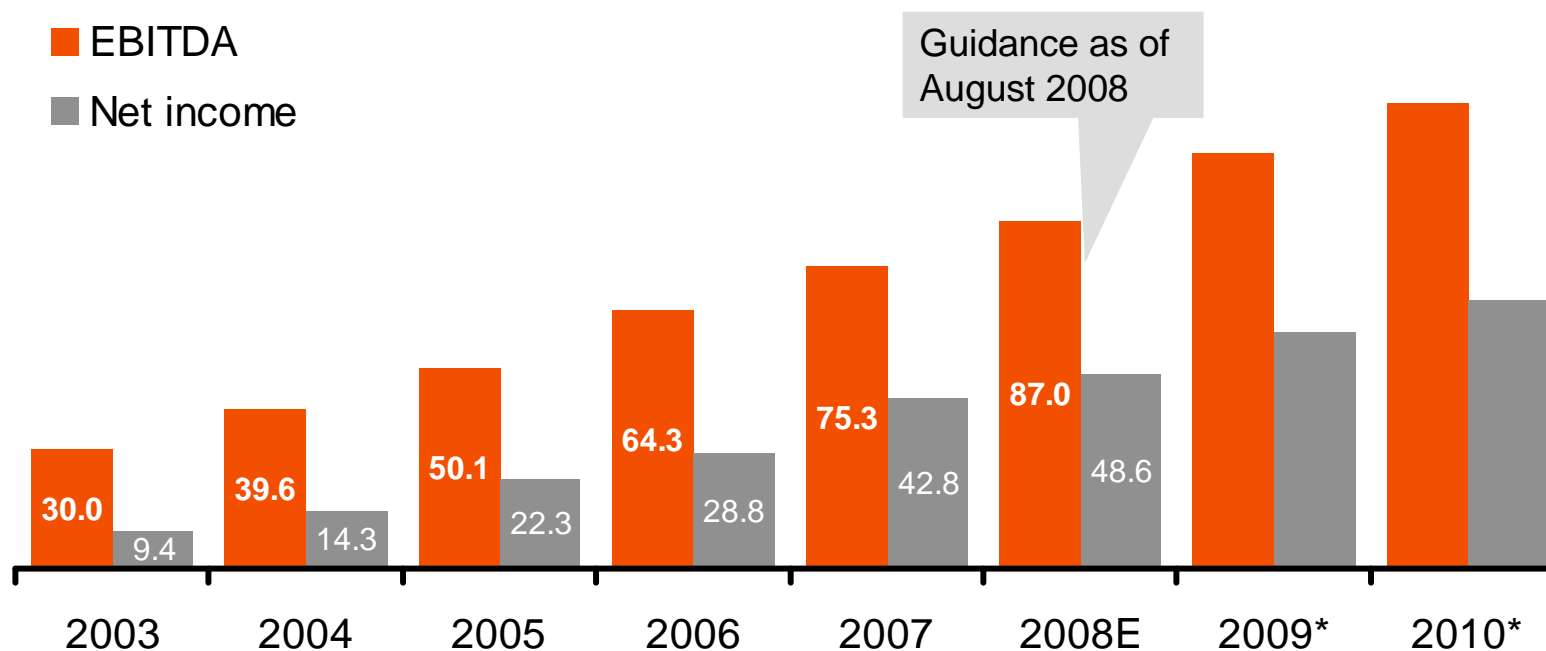
CEZ GROUP REPORTS VERY DYNAMIC PROFIT GROWTH

1.

EBITDA and Net Income of CEZ Group

CZK bn

- EBITDA
- Net income



Annual growth

	2004	2005	2006	2007	2008E
EBITDA	32%	26%	28%	17%	16%
Net income	52%	56%	29%	49%	14%

* Illustrative



CEZ GROUP RAPIDLY EXPANDED TO FOREIGN MARKETS

2.

CEZ Group in Poland
(75% stake in Skawina, 89% in Elcho)

Electricity generation, net (TWh)	3.6
Market share	2.5%
Installed capacity (MW)	728
Market share	2.4%
Number of employees	652
Sales (EUR million)	193

CEZ Group in the Czech Republic

Electricity sales, net (TWh)	68.2
Number of connection points (million)	3.5
Market share	45%
Installed capacity (MW)	12,303
Market share	70%
Number of employees	21,319
Sales (EUR million)	4,960

CEZ Group in Romania
(51% stake in EDC Oltenia)

Electricity sales, net (TWh)	4.3
Number of connection points (million)	1.37
Market share	16%
Number of employees	3,246
Sales (EUR million)	448

CEZ Group in Bulgaria
(67% stake in 3 EDCs, 100% in TPP Varna)

Electricity sales, net (TWh)	8.3
Number of connection points (million)	1.97
Market share	43%
Installed capacity (MW)	1,260
Market share	11.6%
Number of employees	4,872
Sales (EUR million)	605

- Energy Assets
- Trading Activities
- Target markets
- Presence / Subsidiaries

Notes: IFRS 2007, Exchange rate CZK/EUR = 27.762

Source: CEZ, national statistics

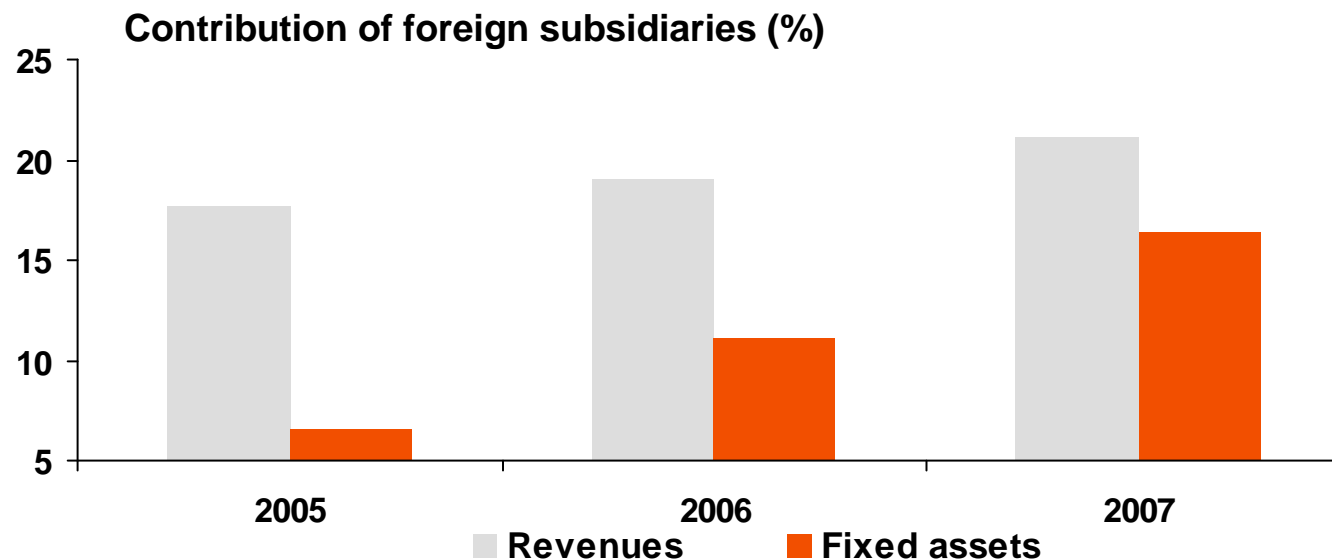


CONTRIBUTION FROM FOREIGN SUBSIDIARIES IS INCREASING

2.

In 2007 foreign subsidiaries

- Represented 21% of revenues
- Represented 16% of fixed assets
- Generated CZK 6.3 bn of EBITDA (8.4% of total)
- Employed 8,770 people (29% of total)





RECENTLY CEZ GROUP SUCCEEDED IN SEVERAL M&A DEALS

2.

- **Romania – gas plant**

CEZ won a tender for strategic partner for modernization of existing 535 MW **Galati** plant and for construction of new power plant

- **Poland – coal plant**

CEZ signed a contract to acquire 25% + 1 share in **Elektrownia Skawina** from Polish state. CEZ's share will thus increase to 99.98%. CEZ will pay 92.6 million PLN.

- **Romania – wind park**

CEZ acquired 600 MW wind farm project **Fantanele & Cogealac** from Continental Wind Partners. It should be fully online by 2011.

- **Turkey – distribution**

CEZ together with our local partner Akkok Group won a tender for a Turkish distribution company **Sedas**, with 1.3 m customers

- **Hungary/Slovakia – gas plants with heat supply**

CEZ created strategic alliance with Hungarian company **MOL**. JV will develop two CCGT plants with combined installed capacity of 1,600 MW



SUCCESS IN A TENDER FOR ALBANIAN DISTRIBUTOR IS HIGHLY LIKELY

2.

Albania – distribution

- CEZ placed the sole bid of EUR 102 m for 76% stake in Albanian distribution company OSSH.
- Privatization committee will evaluate the bid and government will make the final decision.
- OSSH is the only distribution company in Albania. It serves nearly 1 million customers and supplies 5.3 TWh of electricity.
- Albania has been affected by a large shortage of electricity lately in particular due to the absence of investment in power development in last decades. In 2007 Albania imported approximately 40% of its annual consumption amounting to 6.5 TWh.





CEZ GROUP WON A TENDER FOR STRATEGIC PARTNER FOR PROJECT GALATI IN ROMANIA

2.

- This week CEZ was picked as a winner of a tender for strategic partner for Galati project in Romania
- Project should include modernization of existing power plant and construction of new power plant with heat supply.
- Current installed capacity of SC Electrocentrale Galati SA is 535 MW (3x105 MW, 2x60 MW, 1x100 MW)
- Negotiations about specific details concerning establishment of joint-venture including stakes of respective parties should be launched shortly.



CEZ ACQUIRED LARGE WIND PARK PROJECT IN ROMANIA

2.

Fantanele

- 347.5 MW
- net capacity factor 28.1 %
- fully permitted, turbines contracted
- commissioning 2009/2010



Cogeaalac

- 252.5 MW
- net capacity factor 28.2 %
- fully permitted 2009
- commissioning 2011

Project highlights

- Biggest wind farm project in Europe
- Excellent wind conditions for an on shore site
- Turbines contracted at price quite competitive compared to current price level
- Construction related risks covered by a set of interlinked contracts

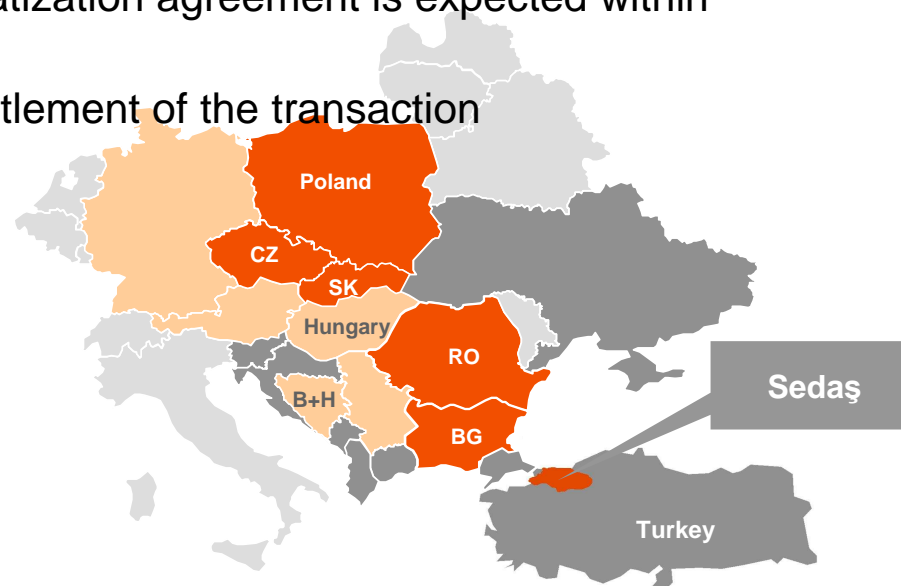


CEZ WON A TENDER FOR TURKISH DISTRIBUTION COMPANY SEDAŞ

2.

- On July 1st, 2008, CEZ won in an auction in consortium with two Turkish partners
- Auction price USD 600 m (CEZ's share 50 % of auction price)
- Essence of the transaction is a transfer of operating rights for Turkish company for 30 years
- Expected steps
 - Administrative settlement of the transaction ending with "High Privatisation Council" decision
 - Preparation and signature of privatization agreement is expected within approximately 3 months
 - Takeover of the company and settlement of the transaction

Key facts - Sedaş	
Electricity sales	8 TWh
Number of customers	1.3 mil.
Share of industry customers	50 %





SIGNIFICANT PROGRESS HAS BEEN MADE IN CEZ/MOL ALLIANCE

2.

- **CEZ/MOL project continues in accordance with the plan and assumptions from preparatory phase are continuously being fulfilled**
 - December 2007 – strategic alliance agreement
 - May 2008 – European Commission approval
 - June 2008 – positive attitude of other Antimonopoly Offices of Ukraine, Serbia and Bosnia and Herzegovina
 - **July 2008 – establishment of joint venture CM European Power International B.V.**

- **Initial projects of CCGT power plants**
 - Selection of optimal technical alternative
 - Collection of documents necessary for administrative procedures, e.g. for obtaining planning permission or EIA process
 - Selection of suppliers and signature of contracts – by 2010
 - Commissioning planned in 2013 - 2014



PIPELINE OF FURTHER EXPANSION PROJECTS REMAINS STRONG

2.

Slovakia

MOU signed with U.S. Steel with intention to build up to 400MW plant

Russia

Moscow - 660MW CCGT green field project

Romania

Cernavoda - tender for strategic partnership for construction of nuclear power plant

Turkey

Negotiations on cooperation with Akenerji

Albania

participating in a tender for distribution company



WE SEE LARGE POTENTIAL TO PARTICIPATE ON EXPECTED INVESTMENT BOOM IN OUR REGION

2.

Until recently CEZ Group focused on

- Privatization opportunities in Central and Southeastern Europe
- Government driven projects



Now CEZ Group sees most opportunities in

- Creation of strategic partnerships
- Participation in green-field projects with private companies or industrial groups



Because Central Europe is in need of large investments to

- replace ageing capacity
- meet growing electricity demand



WE HAVE EXPANDED OUR GROWTH DIRECTIONS

2.

Growth direction	Rationale
Nuclear energy	Emission clean technology, accepted/supported by many CEE governments
Gas fired power plants	Low emissions, short build up time
Environmental investments	Investments enforced by EU, guaranteed attractive returns, zero emissions
Expansion to new markets neighboring with EU	Fast growing electricity demand, outside EU ETS



WE HAVE A TRACK RECORD OF DELIVERING ON OUR VISION

We have delivered on our promises:

- **Restructuring of Czech business “Vize 2008”** – CZK 2.8bn annual savings, project completed one year ahead of original plan ✓
- **Transformation of Czech electricity market** – Czech electricity prices converged with Germany, continuous trading on Prague Energy Exchange ✓
- **Early adoption of CO₂ and CERs** – Timely sale of excess allowances generated CZK 3 bn income in 2006, 14 m of CERs already contracted ✓
- **Optimization of power plant portfolio** – increased output from nuclear power plants ✓
- **Successful acquisitions at reasonable prices** – CEZ purchased assets in 4 countries ✓
- **Improvements in capital structure** – dividend payout ratio raised to 50-60%, CZK 67 bn share buyback completed in May 2008 ✓



WE ARE TURNING OUR VISION INTO REALITY