



CEZ GROUP



THE LEADER IN POWER
MARKETS OF CENTRAL
AND SOUTHEASTERN
EUROPE

Equity story
August 2005



AGENDA

- **Summary for investors**
 - Introduction
 - Scope of operations
 - Financial performance
 - Strategic initiatives of CEZ Group
 - Integration and operational excellence
 - Plant portfolio renewal
 - M&A expansion



SUMMARY FOR INVESTORS

- Mission of CEZ is to become the leader in power markets in the 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 at >300% in the last 18 months with wide international shareholders base
- Leading position in all its markets
- Domestic vertical integration – from mining (45% market share) through generation (74%) to distribution (62%) and supply (58%)
- Operating leading distributors in Bulgaria (42% market share) and Romania (17%)



CEZ GROUP PROVIDES SOME UNIQUE FEATURES FOR EQUITY INVESTORS

Key factors	Rationale
▪ Strong financial performance	▪ EBITDA margin 37% with growth
▪ Dynamic profit growth expected to continue	▪ Growing power prices and consumption, efficiency improvements and synergies
▪ Vertically integrated	▪ Stable performance once prices converge
▪ Robust balance sheet	▪ Lowest level of debt among large players and strong free cash flow
▪ Management fully focused on financial performance	▪ Group restructuring, aggressive performance targets
▪ Dividend growth by 50% in 5 years	▪ 41% pay out ratio in 2004
▪ Standard corporate governance practices	▪ Under scrutiny of equity brokers, institutional investors, financial advisors and rating agencies (S&P, Moody's)
▪ Exposure to attractive regions of 1 st and 2 nd EU convergence zone	▪ Central and Southeastern Europe



AGENDA

- Summary for investors
- **Introduction**
 - **Scope of operations**
 - Financial performance
- Strategic initiatives of CEZ Group
 - Integration and operational excellence
 - Plant portfolio renewal
 - M&A expansion



CEZ GROUP IS AN INTERNATIONAL UTILITY WITH DOMINANT POSITION IN DOMESTIC MARKET AND GROWING PORTFOLIO IN THE BALKANS

■ Target markets

CEZ Group in the Czech Republic*

■ Electricity sales (TWh)	67.8
■ Market share (in CR cons.)	58%
■ Number of customers (million)	3.44
■ Market share	62%
■ Installed capacity (MW)	12,297
■ Market share	71%
■ Number of employees	17,855
■ Sales (EUR million)	3,339

CEZ Group in Romania** (51% share in EDC Oltenia)

■ Electricity sales (TWh)	6.8
■ Market share	13%
■ Number of customers (million)	1.36
■ Market share	17%
■ Installed capacity (MW)	0
■ Number of employees	3,027
■ Sales (EUR million)	340*

CEZ Group in Bulgaria* (67% shares in 3 EDCs)

■ Electricity sales (TWh)	7.7
■ Market share	41%
■ Number of customers (million)	1.9
■ Market share	42%
■ Installed capacity (MW)	0
■ Number of employees	4,905
■ Sales (EUR million)	376

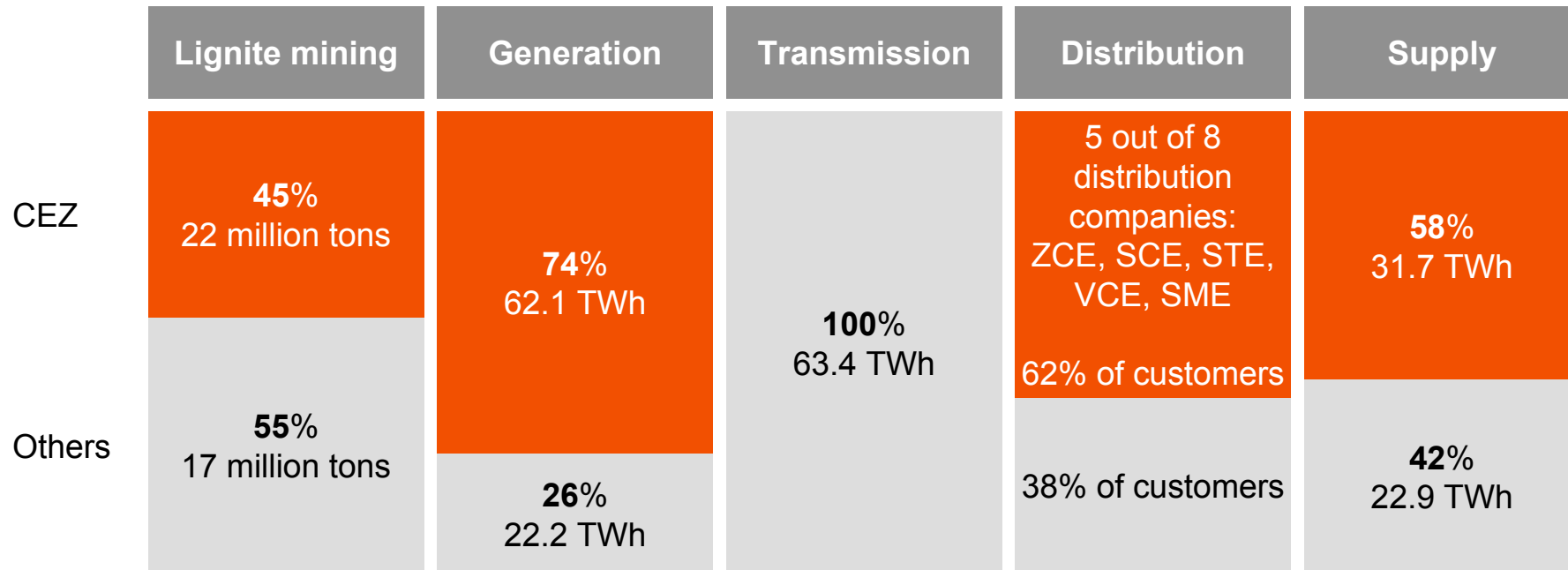
* Czech Republic and Bulgaria in accordance with IFRS, in 2004

** Romanian Accounting Standards, 2003

Note: Exchange rate CZK/EUR = 30



CEZ IS A DOMINANT PLAYER IN ALL SEGMENTS OF THE CZECH ELECTRICITY MARKET



- CEZ has 37% stake in the largest Czech mining company (SD)
- Currently in exclusive talks with the government to acquire its 56% stake in SD

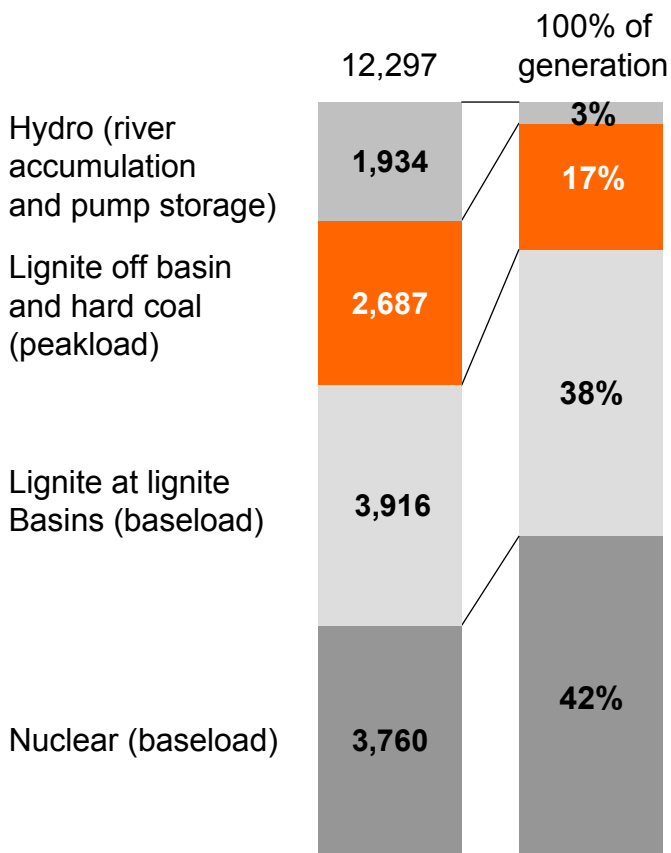
- The Czech transmission grid is owned and operated by CEPS, 100% owned by the Czech state



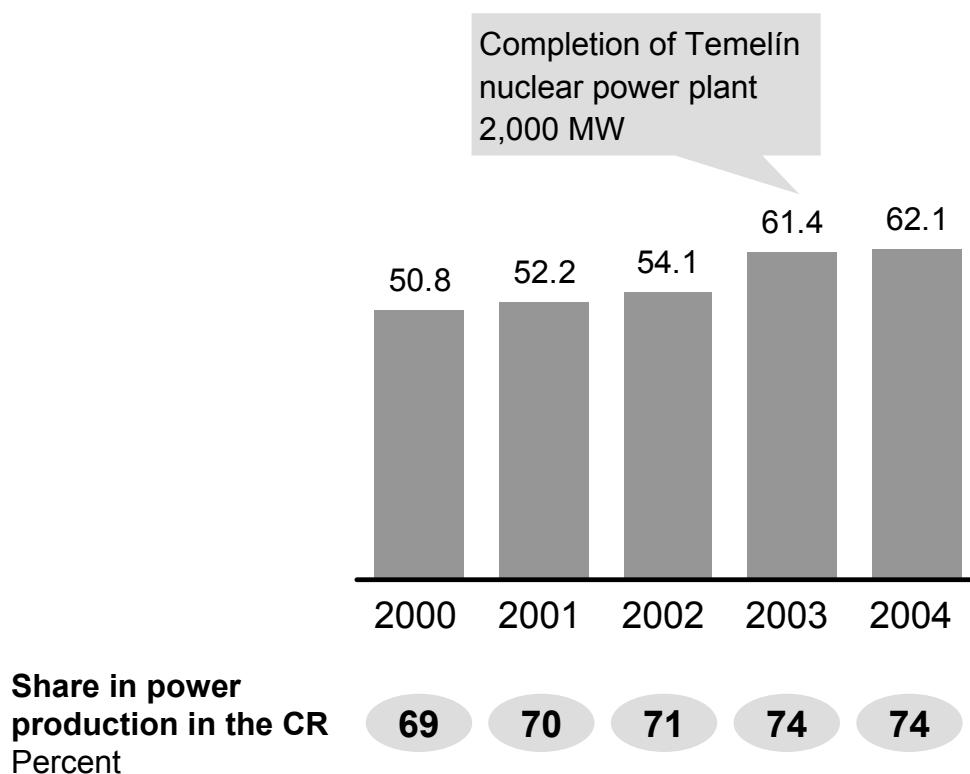


CEZ GROUP STEADILY INCREASES PRODUCTION

CEZ Group generation capacity MW



Annual production of CEZ Group TWh



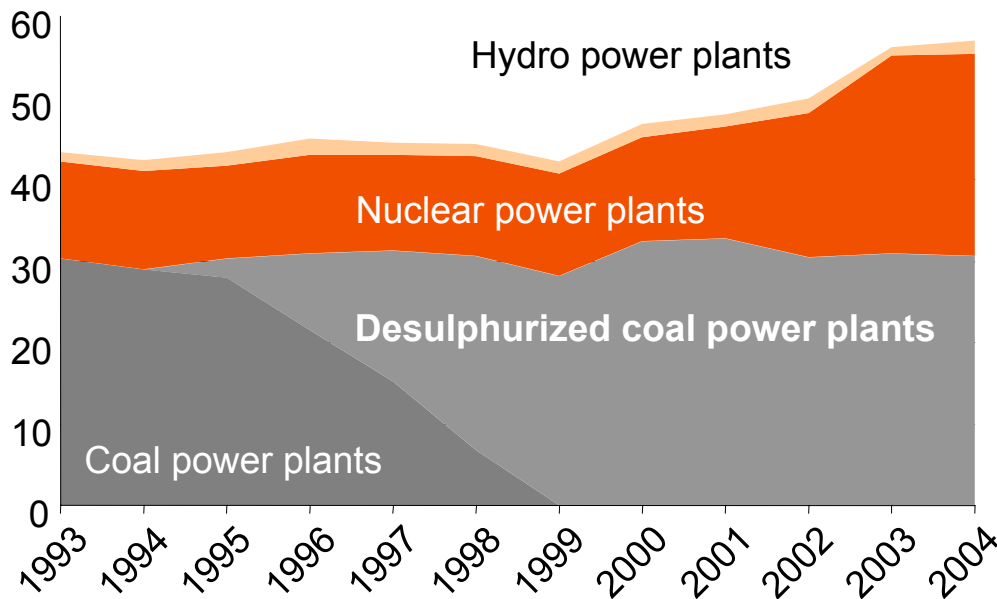
Share in power
production in the CR
Percent



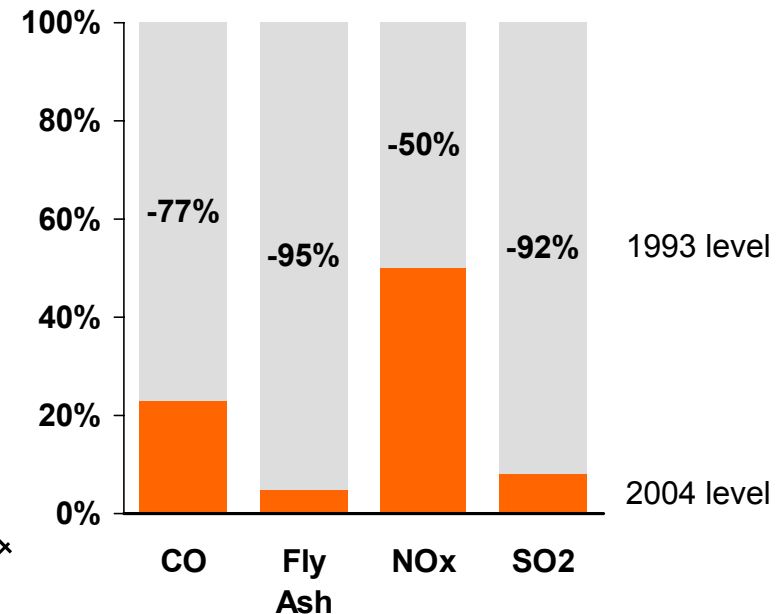


MAJOR INVESTMENT PROGRAM WAS FOCUSED ON EMISSION REDUCTION

Generation structure of CEZ Group
TWh



CEZ Group emission change 2003/1993
Percent

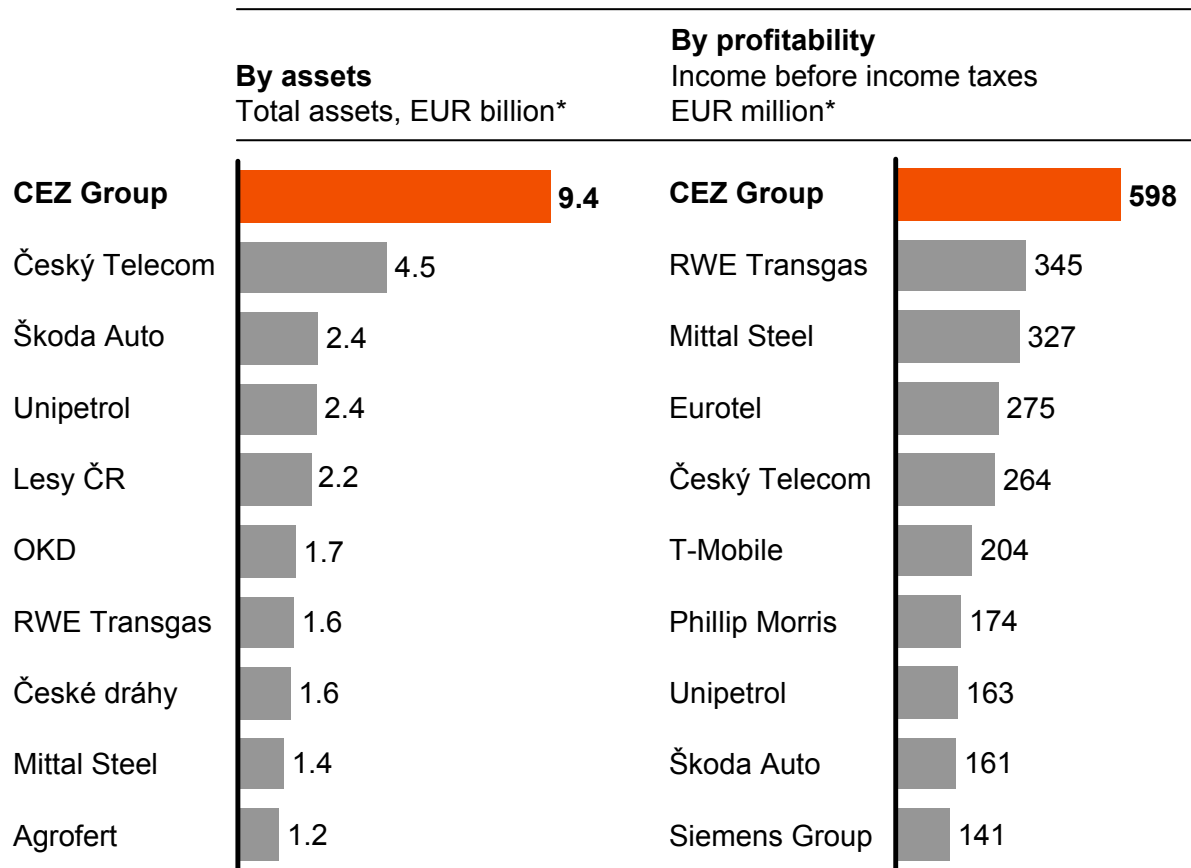


CEZ invested EUR 1.5 billion into desulphurization of its plants between 1993-99



CEZ GROUP IS THE LARGEST CZECH COMPANY BY ANY MEASURE

Top Czech companies in 2004



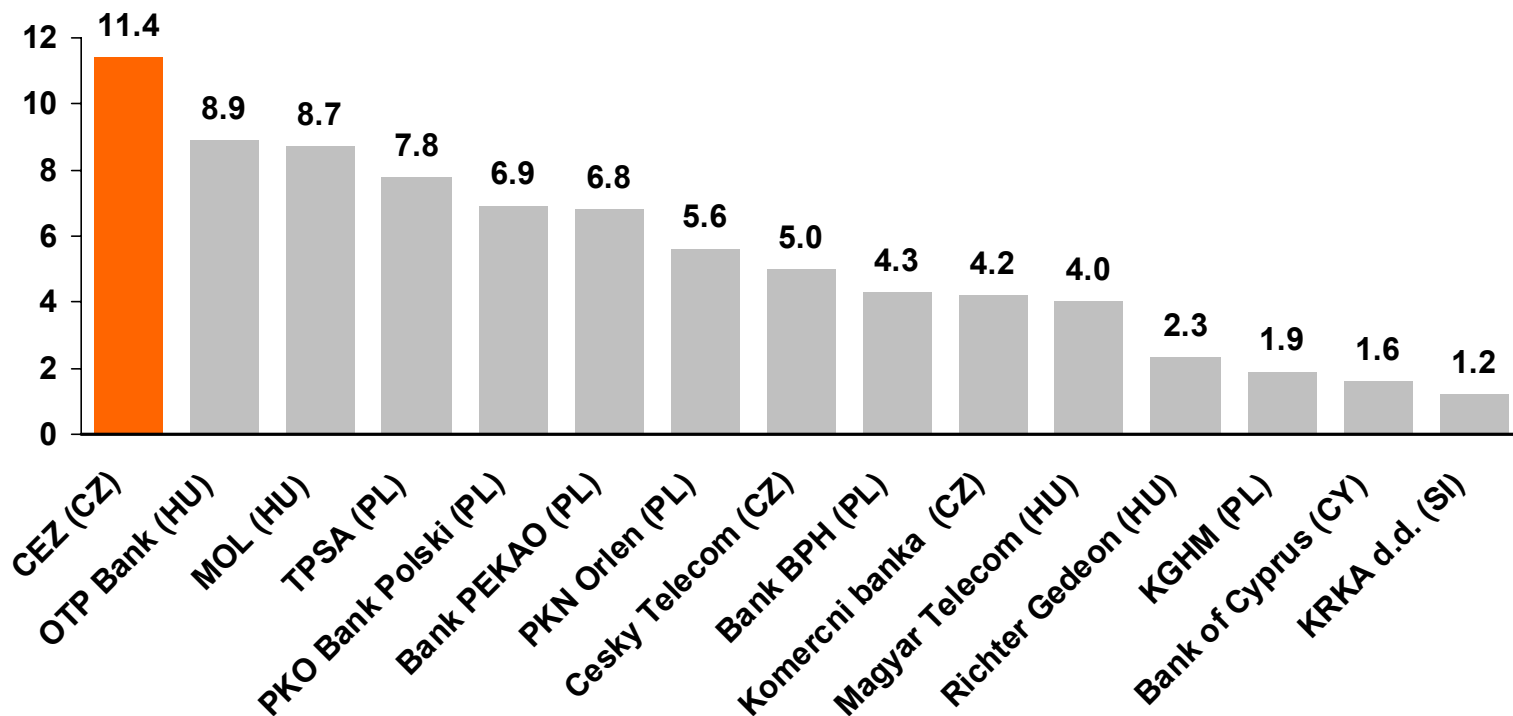
* Exchange rate CZK/EUR = 30



CEZ IS THE BIGGEST COMPANY IN NEW EU MEMBER STATES

Market capitalization of top 15 companies in 10 new EU member states*

EUR billion



CEZ is also third biggest (including financial institutions) in neighboring countries after Bank Austria Creditanstalt and OMV

* As of August 23, 2005; considering companies included in DJ STOXX EU Enlarged TMI Index



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
- Czech champion on the international energy markets

Brand equity



NEW MANAGEMENT TEAM IS DETERMINED TO FULFILL THE MISSION

Board of CEZ, a. s.

Trade



Alan Svoboda

Finance



Petr Vobořil

CEO



Martin Roman

Generation



Jiří Borovec

Operations



Radomír Lašák

Responsibility

- Trading
- Sales and marketing
- Customer services
- Market rules

- Treasury
- Accounting
- Planning/controlling
- ICT

- M&A
- Procurement

- Conventional generation
- Nuclear generation
- New projects

- Distribution
- Equity participations
- HR
- Integration office

Credentials

- Partner in McKinsey & Company responsible for energy sector
- CFO in regional power distributor

- Top management positions in CEZ, including CEO and CFO

- CEO of Škoda holding in Plzeň
- CEO of US-owned Janka Radotin

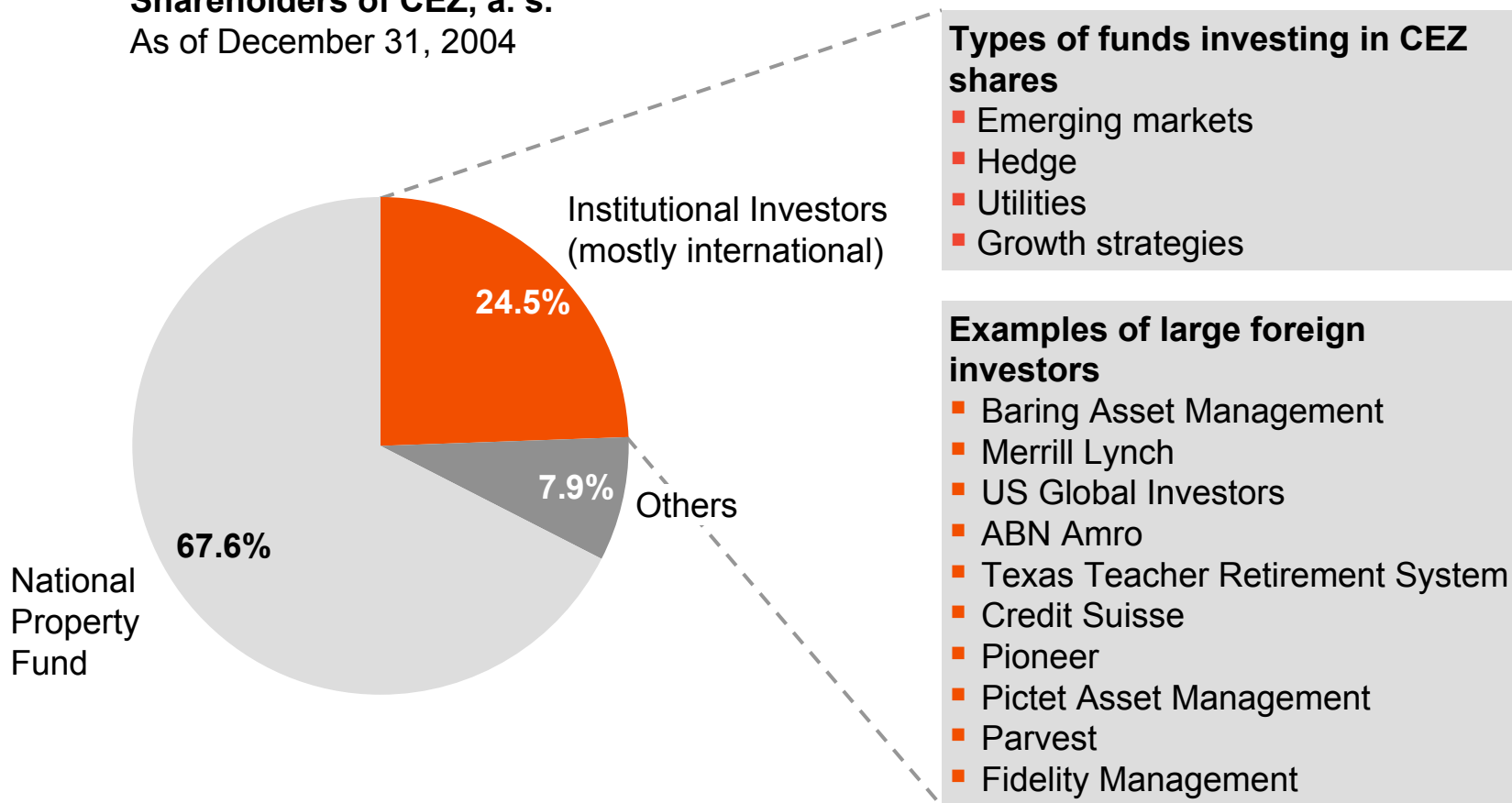
- CEO of Škoda Nuclear division
- CEO ABB Service Czech Republic

- CEO of E-banka
- Board member of Komerční banka



CEZ GROUP ATTRACTED MANY INTERNATIONAL SHAREHOLDERS

Shareholders of CEZ, a. s.
As of December 31, 2004





AGENDA

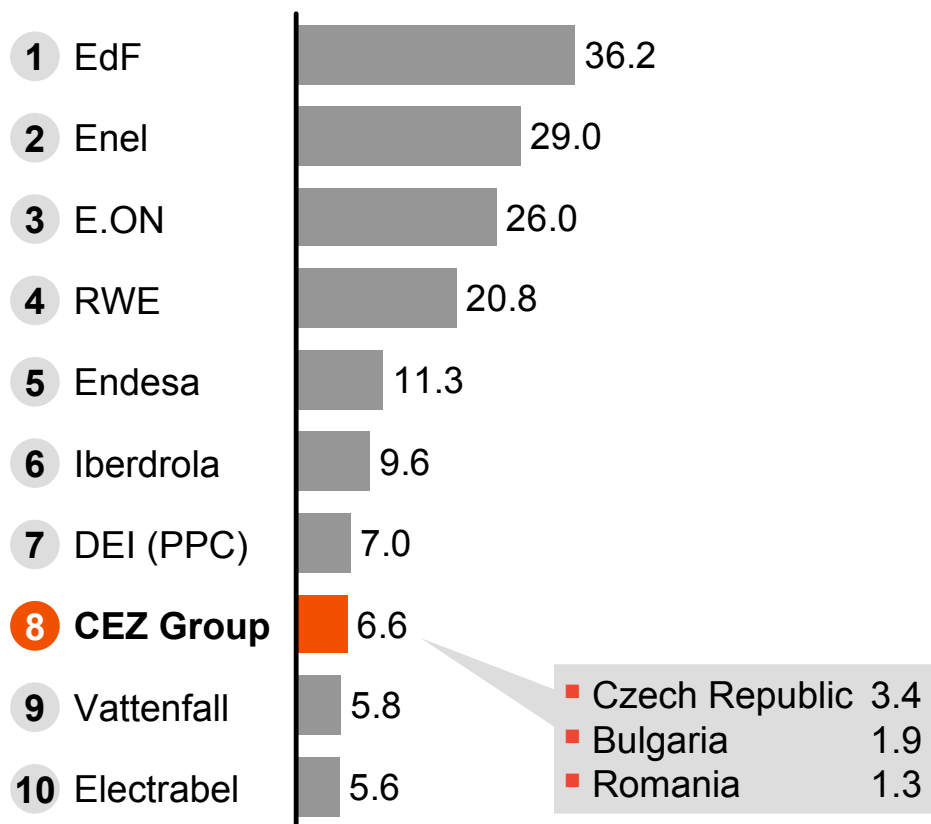
- Summary for investors
- **Introduction**
 - Scope of operations
 - **Financial performance**
- Strategic initiatives of CEZ Group
 - Integration and operational excellence
 - Plant portfolio renewal
 - M&A expansion



CEZ IS AMONG TOP 10 EUROPEAN POWER UTILITIES

Top 10 European power utilities

Number of customers in Europe, million

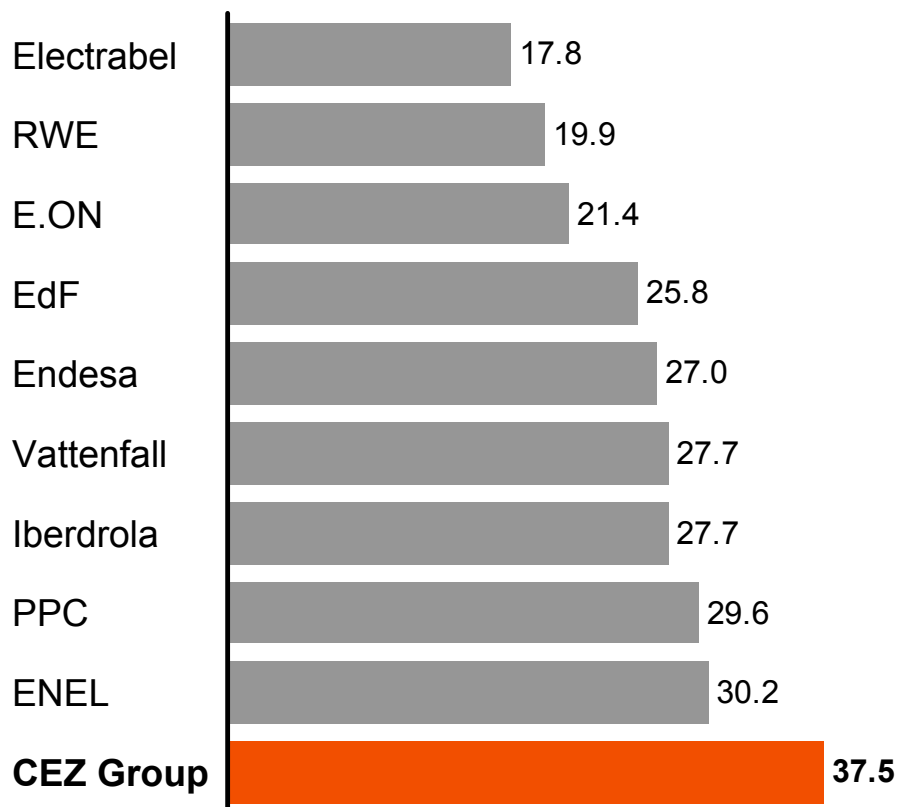




CEZ GROUP IS ONE OF THE MOST PROFITABLE UTILITIES IN EUROPE AND WILL REMAIN SO

EBITDA margin, 2004

Percent



CEZ Group has advantageous low cost generation portfolio

■ Lignite

- Long term fuel contract till 2050 for >90% of consumption
- Prices capped at predefined fraction of mix of electricity price and annual inflation change
- Volume secured for both current and new/refurbished plants

■ Nuclear

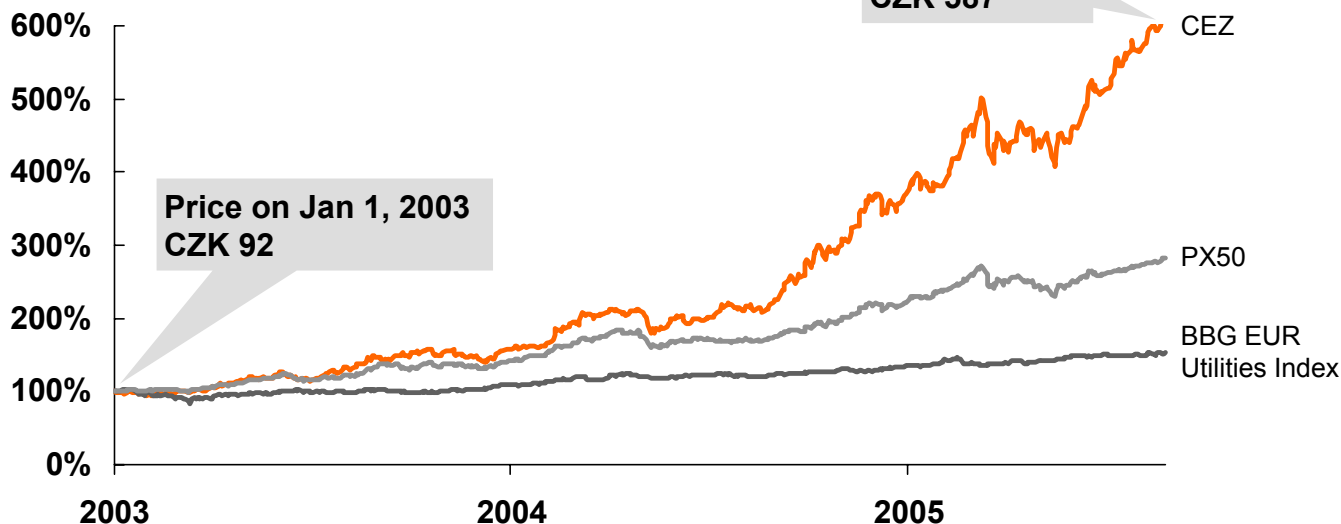
- Operations approved till 2027 (Dukovany) and 2042 (Temelin)
- Further extension technically feasible and likely to be granted
- Increased capacity of Dukovany (~5% or 80 MW) and Temelin (~5% or 100 MW) after turbine rotor upgrade



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

Prices of shares and share indexes*

Percent



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

Average daily volume in Q2 2005

- CZK 1.1 billion
- 2.6 million pieces
- 0.4% of total shares
- 1.4% of the free float

CEZ shares are part of the following main indices

- PX50, PX D – Prague Stock Exchange
- CTX – Wiener Borse
- CETOP 20 – Budapest Exchange
- STOXX EU Enlarged – Dow Jones

* Indexed to Jan 1, 2002

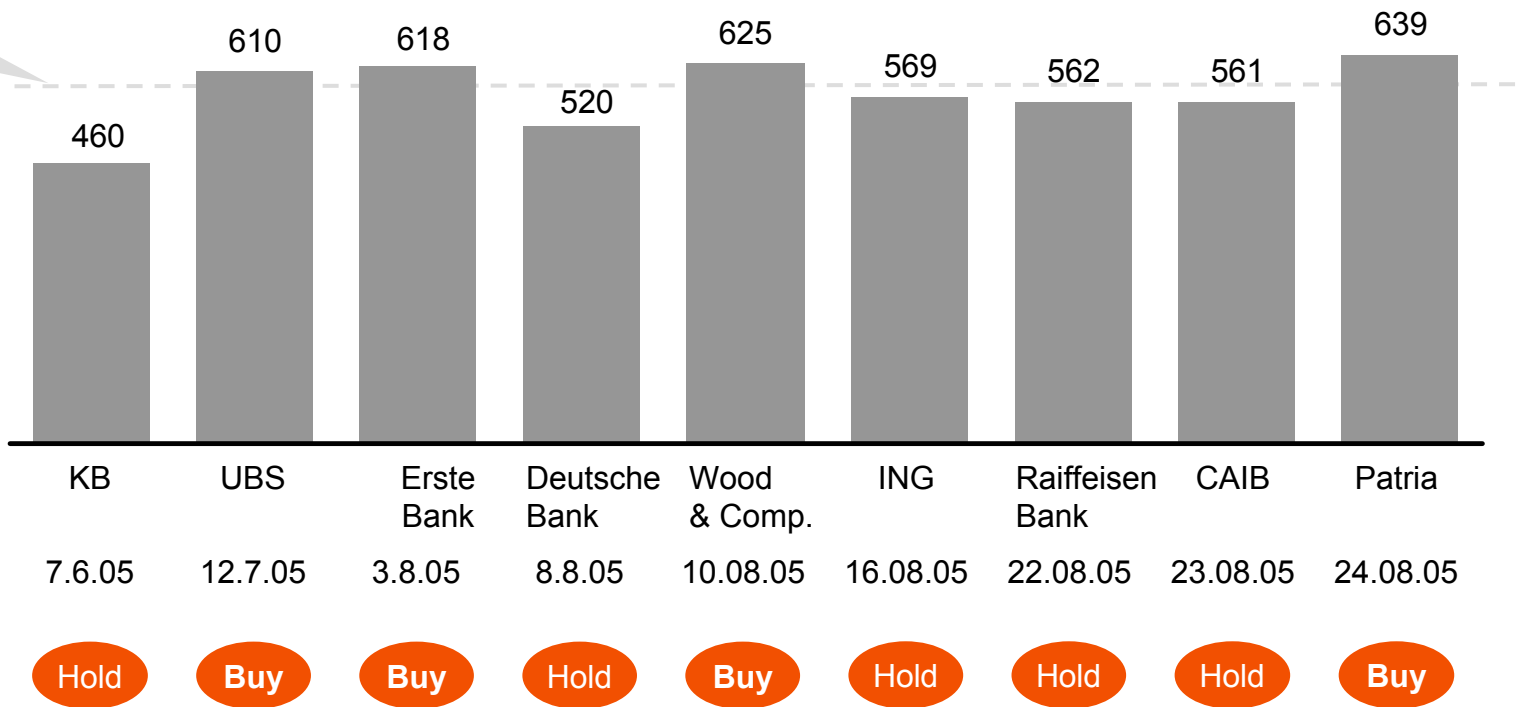
** As of August 26, 2005



ANALYSTS MAINTAIN POSITIVE VIEW ON CEZ GROUP PERFORMANCE

Target share price
CZK

Current share
price CZK 587*



* August 26, 2005

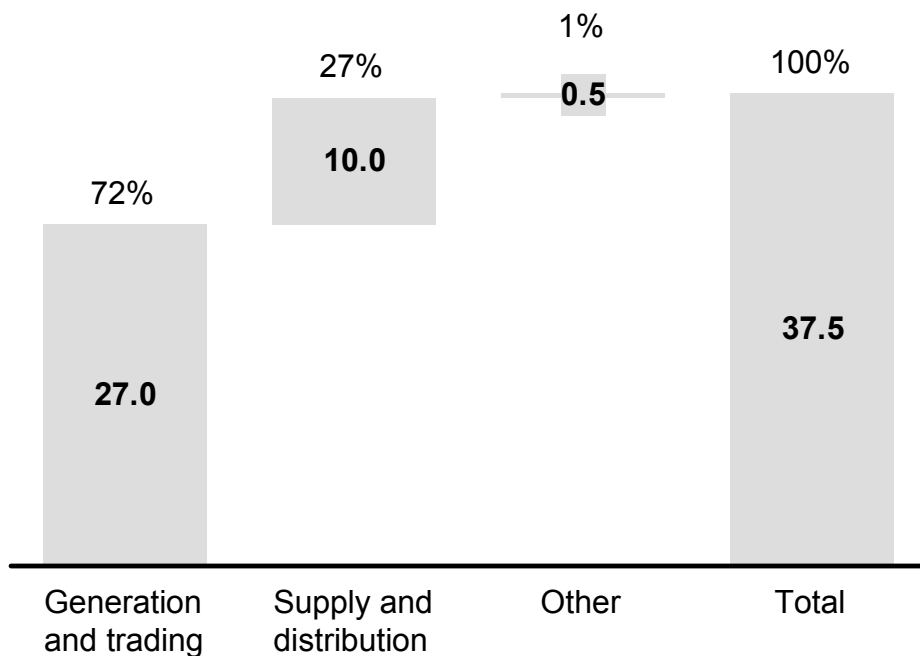
Source: Analyst reports



CEZ GENERATION FLEET IS THE MAIN VALUE DRIVER OF THE WHOLE GROUP

Contribution of various segments to consolidated EBITDA (2004)

CZK billion



EBITDA Growth drivers

■ Generation and trading

- Regional price convergence to German levels
- CO₂ optimization
- Increased capacity of nuclear plants
- Higher utilization of plants (demand driven)
- Higher efficiency of new and retrofitted lignite plants
- Additional capacities (acquisitions, new projects)

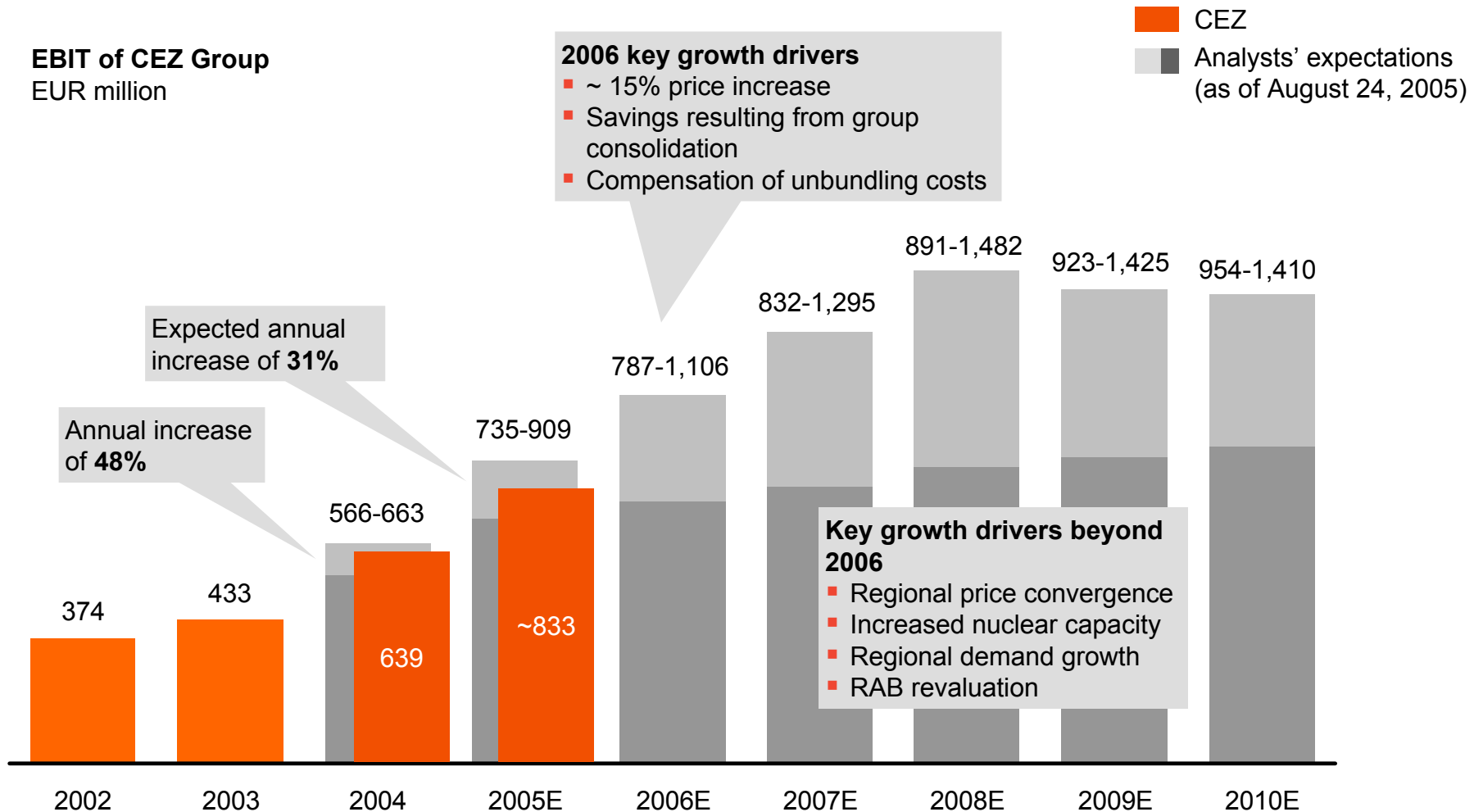
■ Supply and distribution

- Improvement in sales margin
- Implementation of cost cuttings through Vision 2008
- Adjustments in regulation of distribution business
- Inclusion of Bulgarian and Romanian distributors



CEZ GROUP MAINTAINS HIGH DYNAMICS IN PROFIT GROWTH IN LINE WITH ANALYSTS EXPECTATIONS

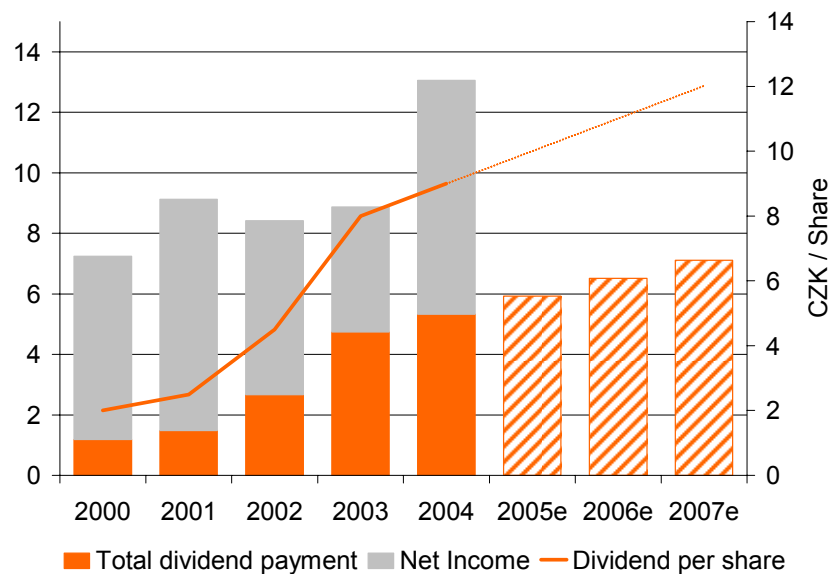
EBIT of CEZ Group
EUR million



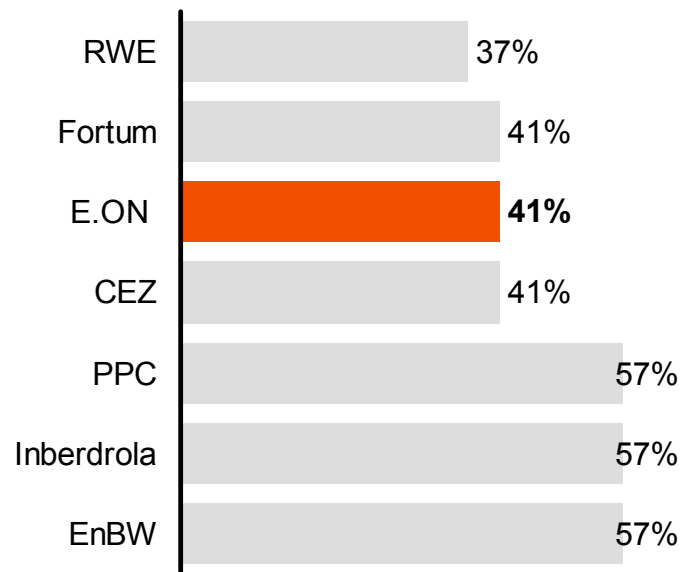


CEZ DIVIDEND POLICY TARGETS 50% DIVIDEND INCREASE BY 2008 (COMPARED TO 2003)

Net income and dividends (IFRS, consolidated)
CZK bn



Dividend payout ratio
Percent

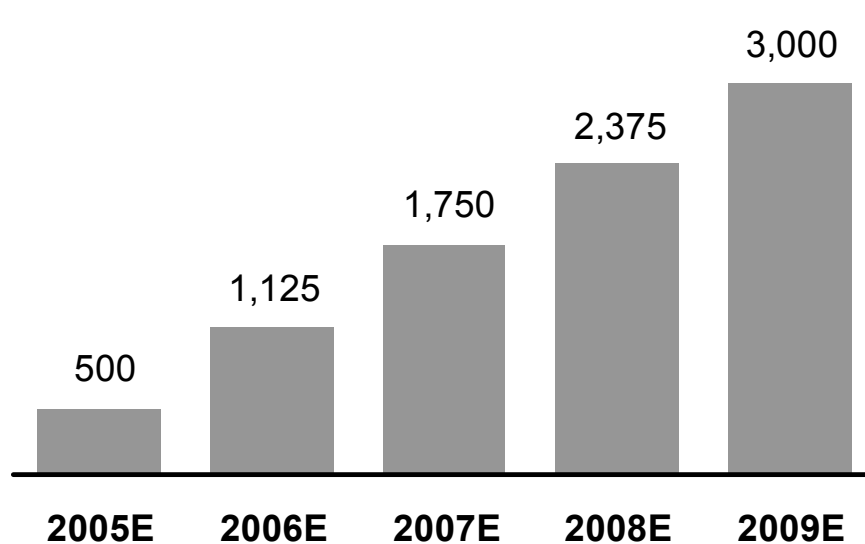


- CEZ pay-out ratio is in the range of its peers
- If no suitable and rightly priced acquisitions possible distribution to shareholders will increase



CEZ GROUP HAS VERY STRONG FREE CASH-FLOW THAT CAN BE USED TO FINANCE INTERNATIONAL GROWTH

Free cash flow of CEZ Group (cumulative) EUR million



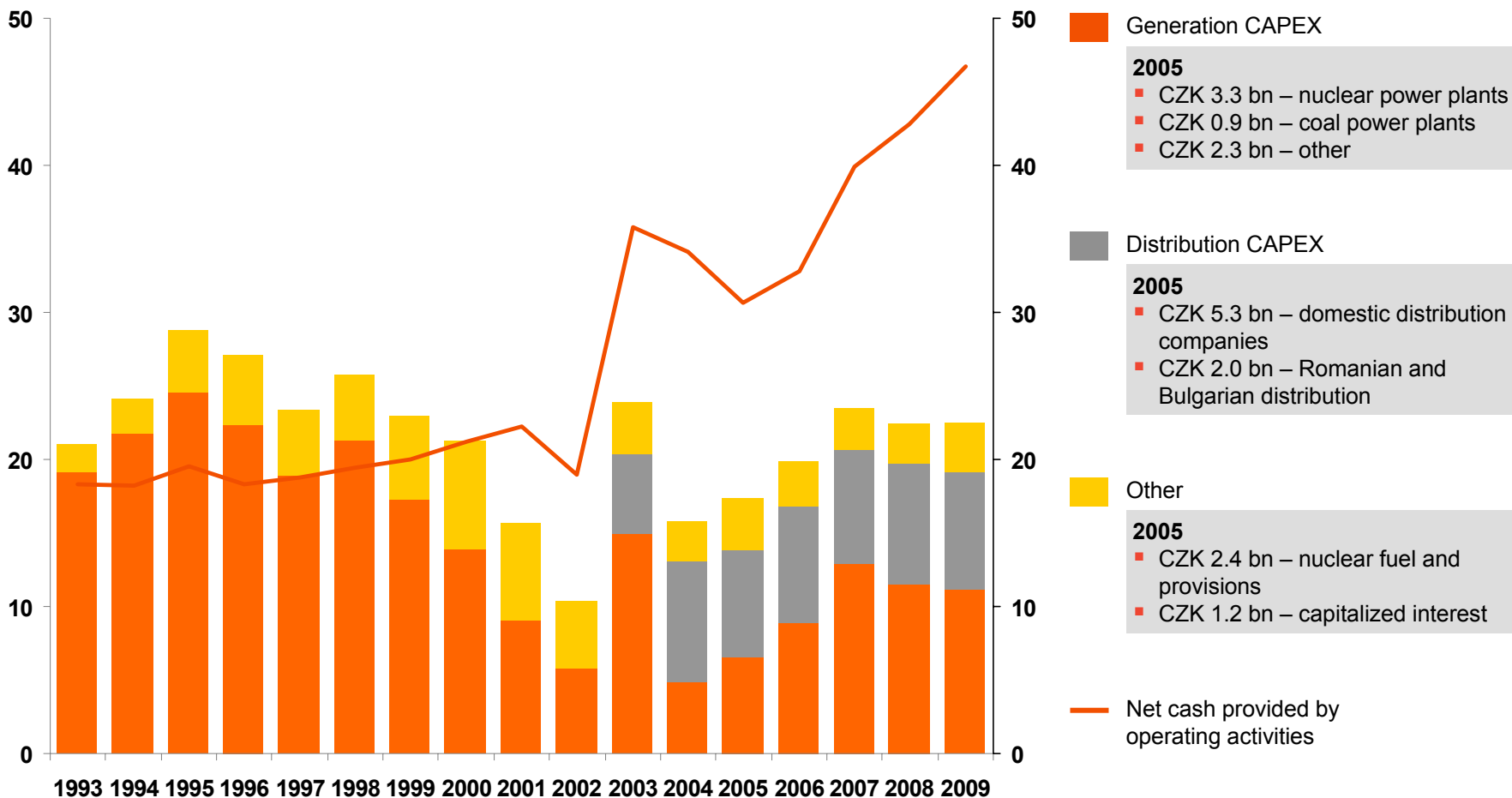
CEZ Group can finance foreign acquisitions in the next 3-5 years from free cash flow up to EUR 3,000 million without impacting

- Dividend payments
- Budgeted CAPEX
- Level of debt



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

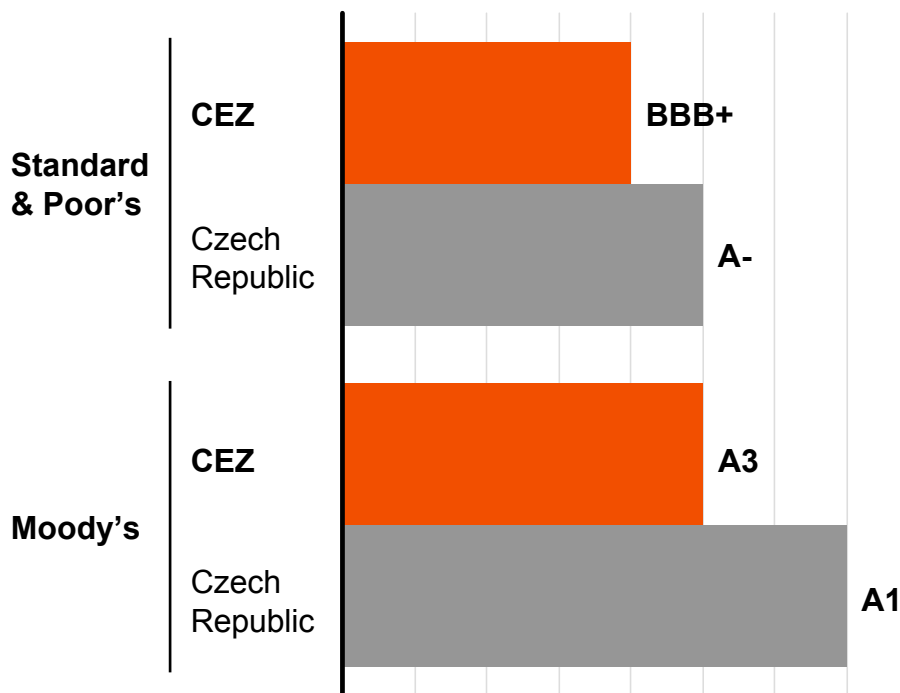
CZK billion





CEZ FINANCES ARE UNDER CLOSE SCRUTINY OF RATING AGENCIES AND BOND INVESTORS

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

CEZ bonds

Year	Amount Million	Currency	Placement	Repayment
Matured				
1993	2,100	CZK	Prague	1996
1994	4,000	CZK	Prague	1999
	150	USD	Luxembourg	1999
1995	4,000	CZK	Prague	2000
1996	3,000	CZK	Prague	1999
	3,000	CZK	Prague	2003
1999	3,000	CZK	Prague	2004

Outstanding				
1997	200	USD	USA	2007
1999	4,500	CZK	Prague	2009
	2,500	CZK	Prague	2014
	200	EUR	Luxembourg	2006
2003	3,000	CZK	Prague	2008
2004	400	EUR	Luxembourg	2011

- CEZ has been first and one of the largest corporate bond issuers in former Eastern Europe

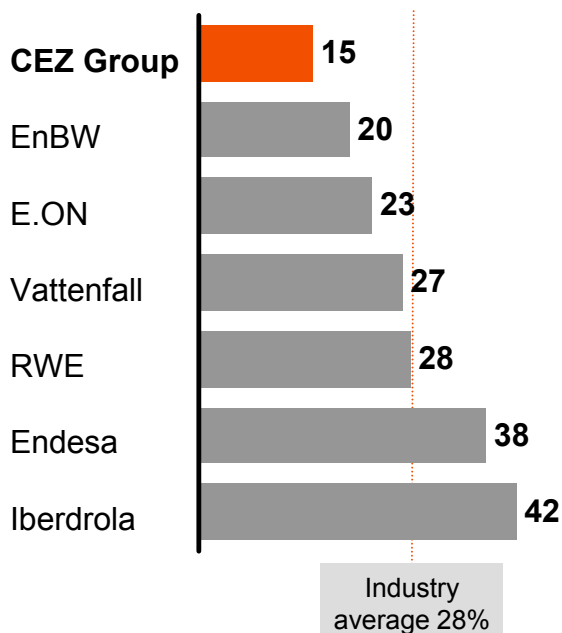


CEZ GROUP IS THE LEAST INDEBTED UTILITY IN EUROPE WITH STRONG ADDITIONAL BORROWING CAPACITY

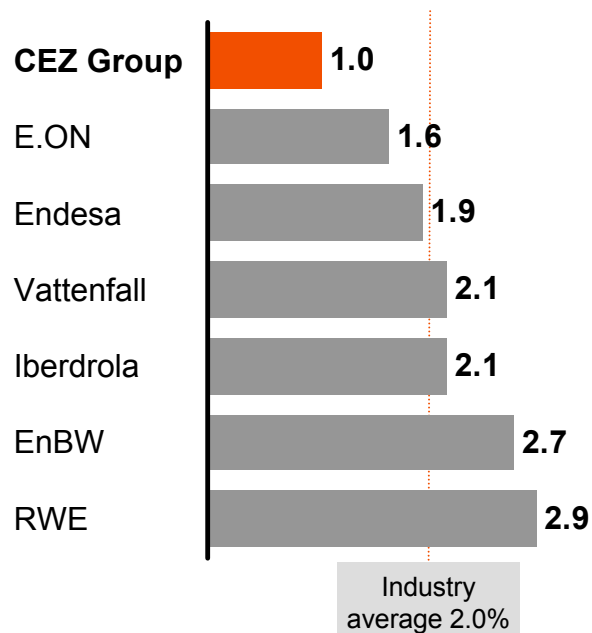
Additional borrowing capacity equals EUR 2 billion

- May be used on top of the free cash flow to finance acquisitions if large, interesting and properly priced acquisition targets appear

Long-term debt/Total assets Percent



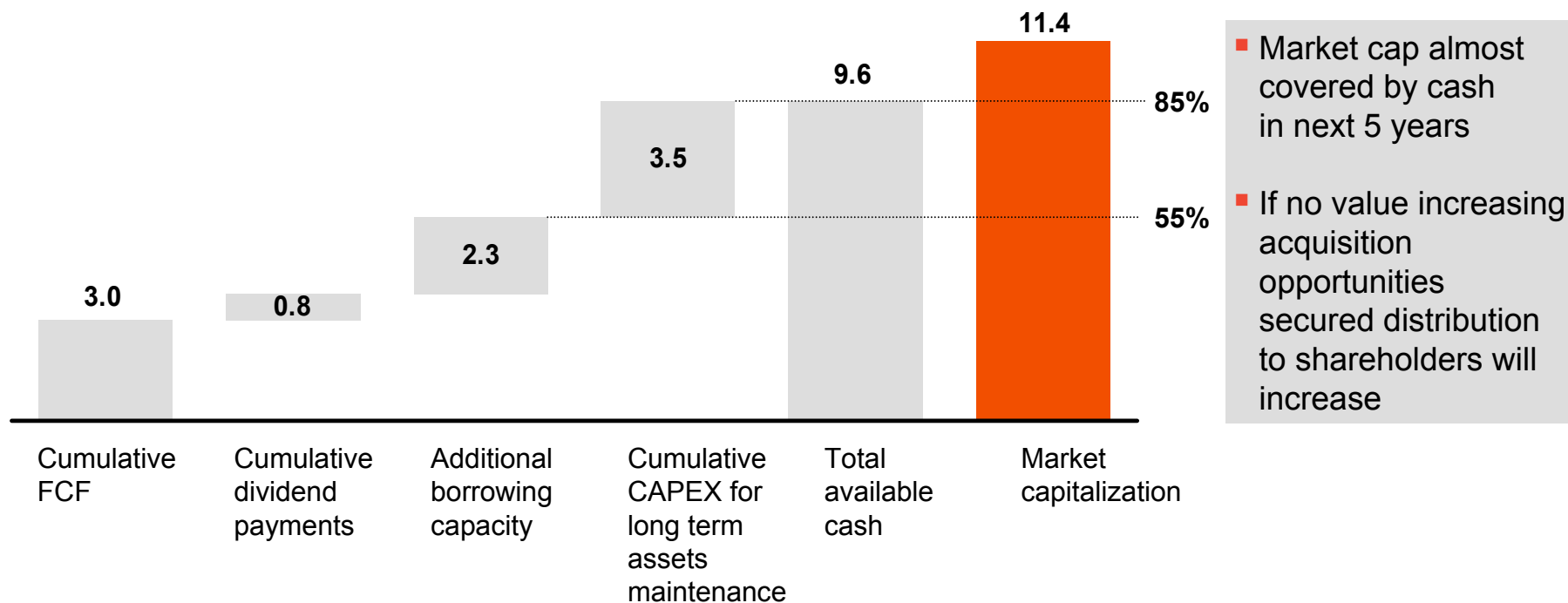
Debt/ EBITDA Multiple





CASH FLOW GENERATED BY CEZ IN 2005-09 EQUALS ALMOST 85% OF ITS CURRENT MARKET CAPITALIZATION

Cash flow generation 2005-09 EUR billion



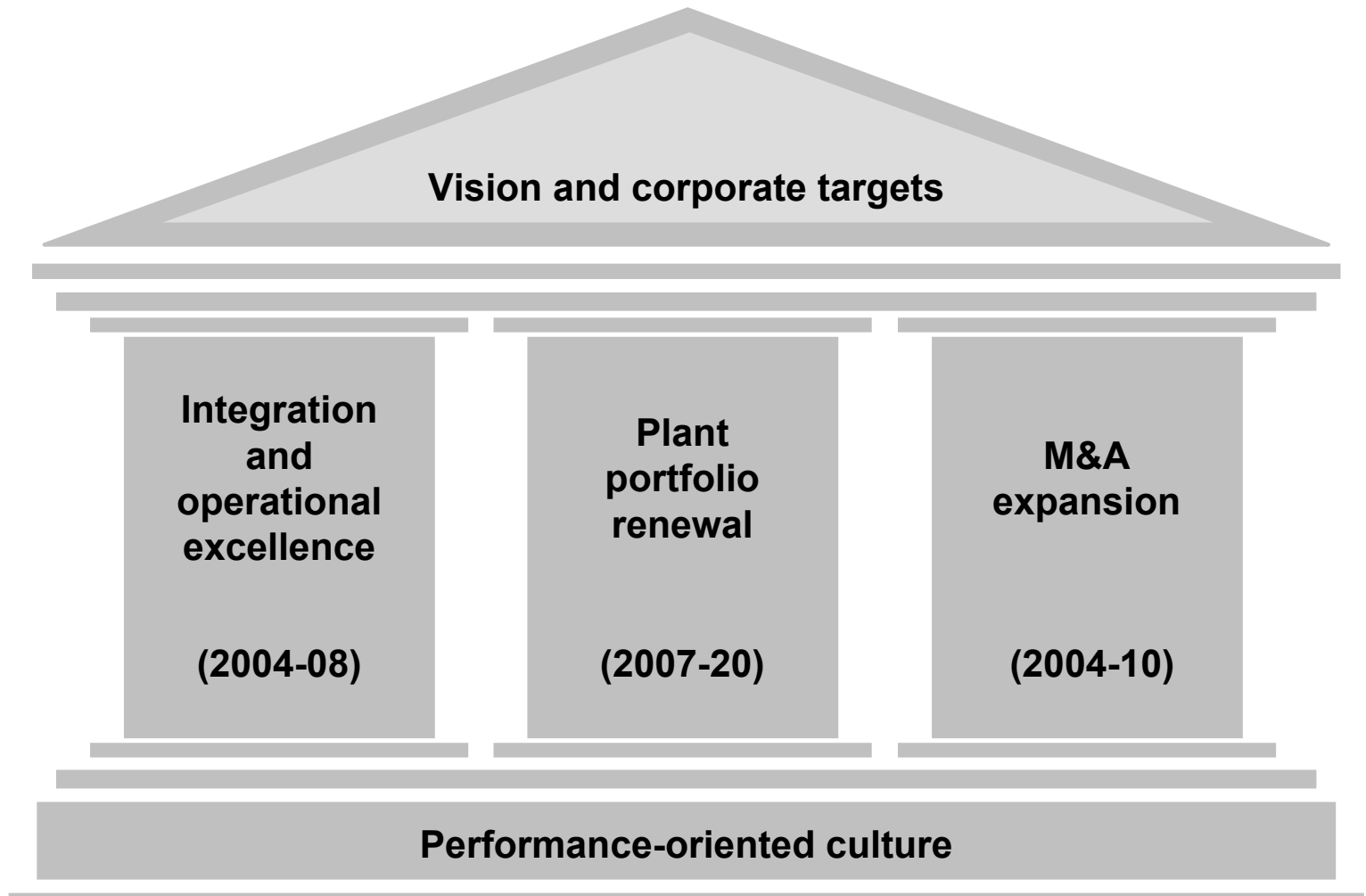


AGENDA

- Summary for investors
- Introduction
 - Scope of operations
 - Financial performance
- **Strategic initiatives of CEZ Group**
 - Integration and operational excellence
 - Plant portfolio renewal
 - M&A expansion



CEZ GROUP HAS LAUNCHED FOUR KEY STRATEGIC INITIATIVES





PERFORMANCE ORIENTED CULTURE IS A PRECONDITION FOR ALL OTHER INITIATIVES



Implementation program

- Top and middle management meetings/ workshops
- Employee meetings
- Corporate magazine and intranet
- New hires
- Job rotations
- Performance reviews

7 principles of CEZ performance-oriented culture

1. Value creation is the top priority
2. Enforcing individual responsibility for reaching ambitious goals/results
3. Building ties and share values within the Group
4. Development of human potential
5. Creation of international organization
6. Acceptance of continuous change
7. Enforcing integrity

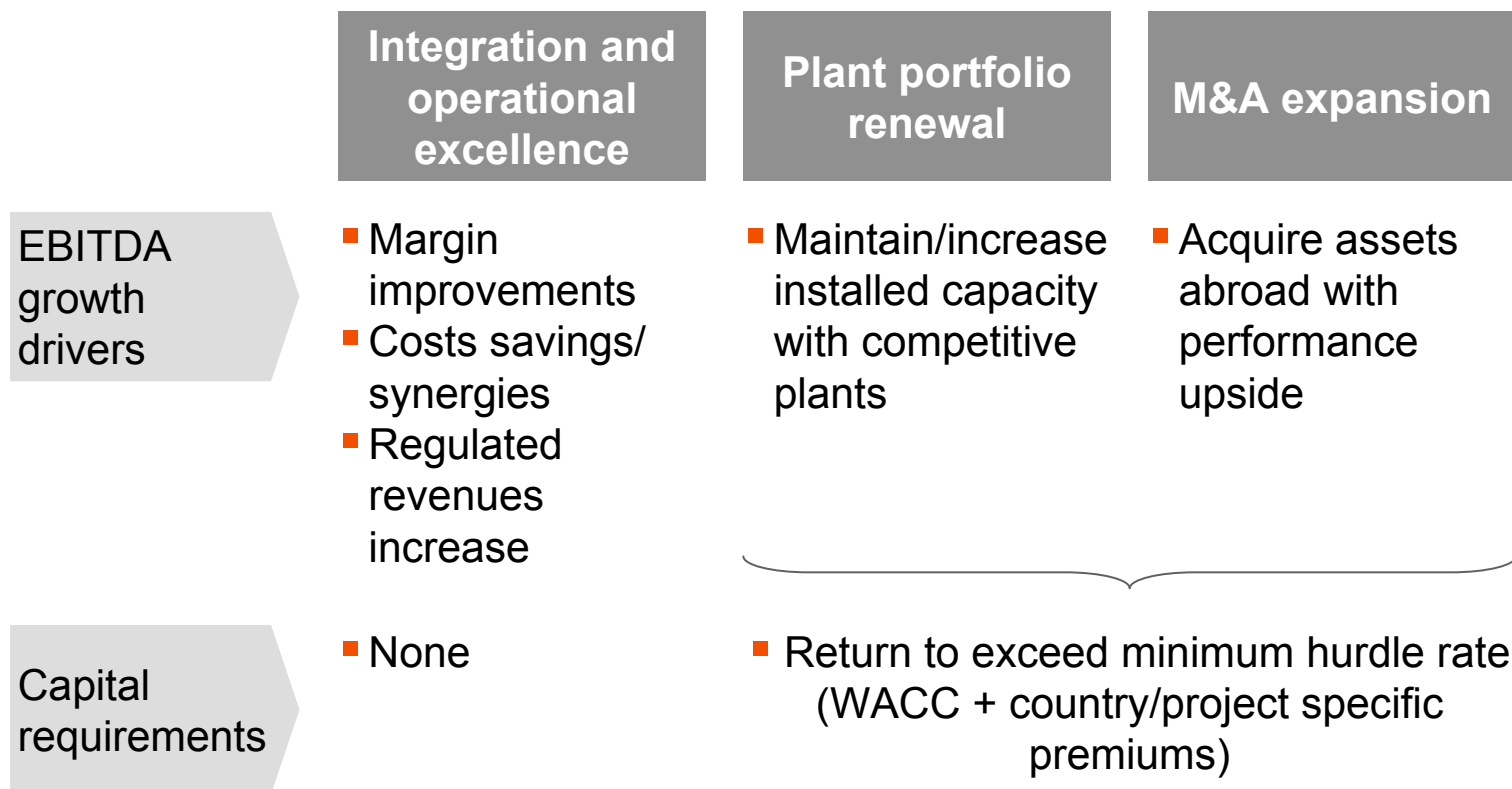


AGENDA

- Summary for investors
- Introduction
 - Scope of operations
 - Financial performance
- **Strategic initiatives of CEZ Group**
 - **Integration and operational excellence**
 - Plant portfolio renewal
 - M&A expansion



STRATEGIC INITIATIVES TARGET VALUE ENHANCEMENT

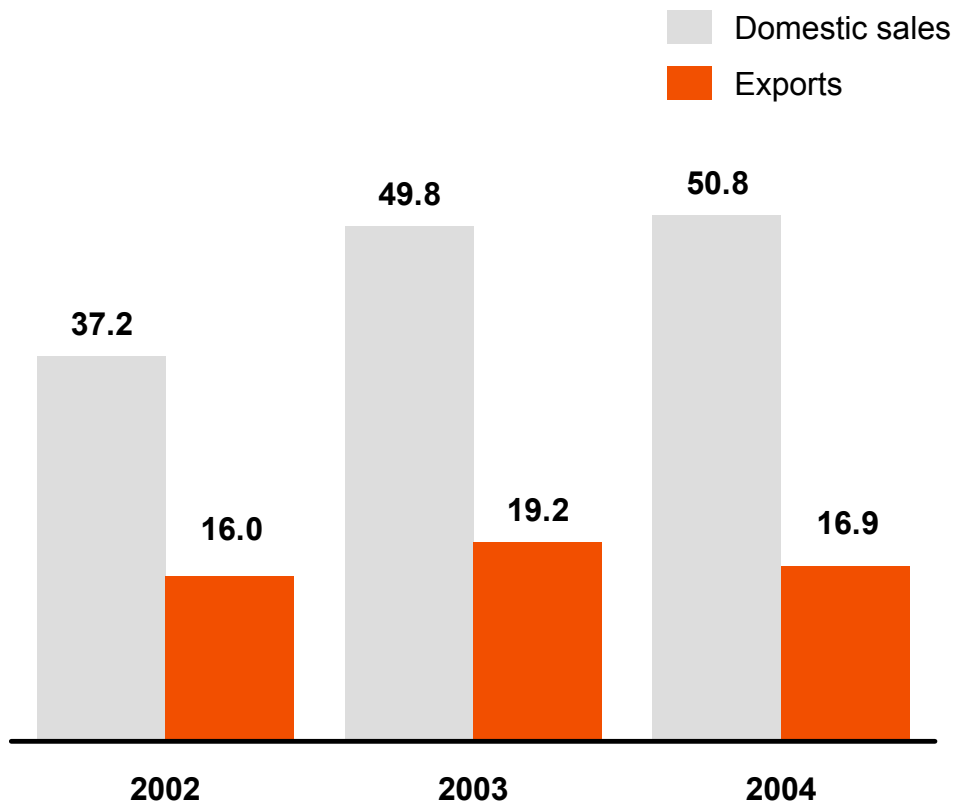




MARKET FACTORS DRIVE CEZ'S ATTENTION TO DOMESTIC MARKET



Development of CEZ Group sales TWh



Key drivers

- Domestic sales driven by growing demand across all customer groups
- Exports influenced by high cross-border transmission costs
- Since CO₂ trading mechanism introduction (2005) exports hedged by alternative sale of CO₂ allowances
- Exports to grow starting 2007 following expected power plants shut downs in the region and growing consumption

* Excluding Bulgarian and Romanian distribution companies

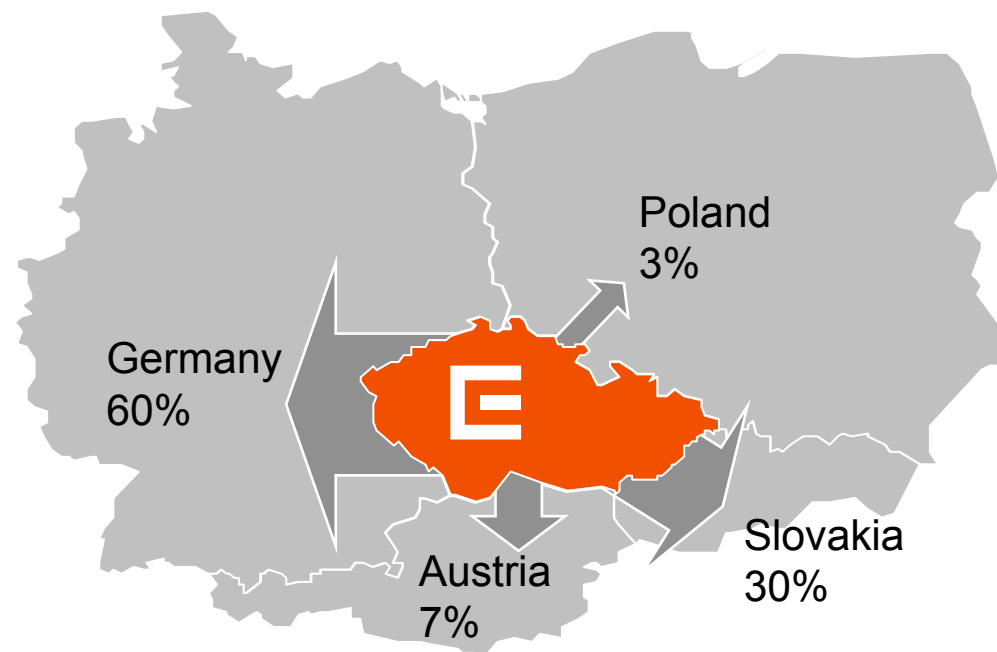
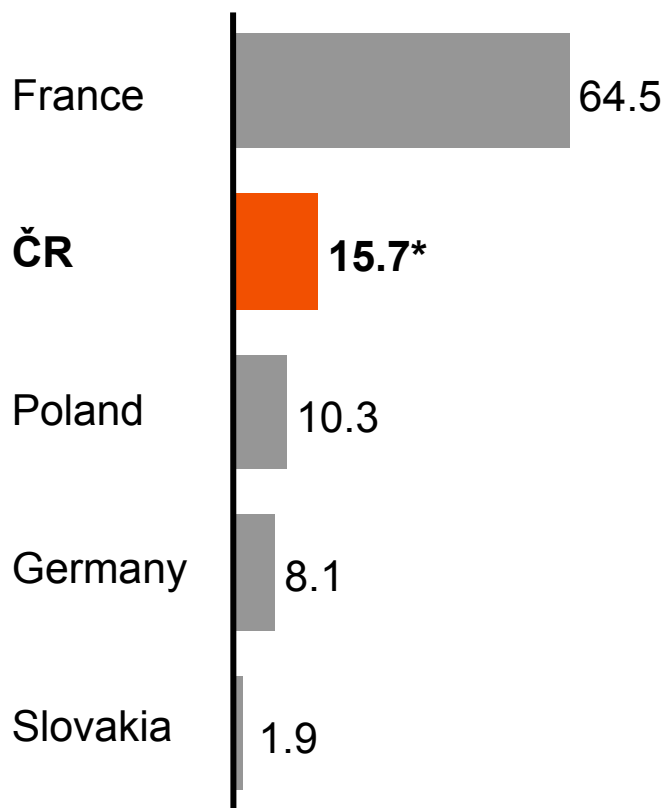


CEZ GROUP IS SECOND LARGEST EXPORTER OF POWER IN EUROPE, PROVIDING POWER TO CENTRAL EUROPEAN COUNTRIES



Net exports in 2004
TWh

Structure of CEZ exports in 2004



Diversification of target export markets from initial focus on Germany

* CEZ Group exported 16.7 TWh

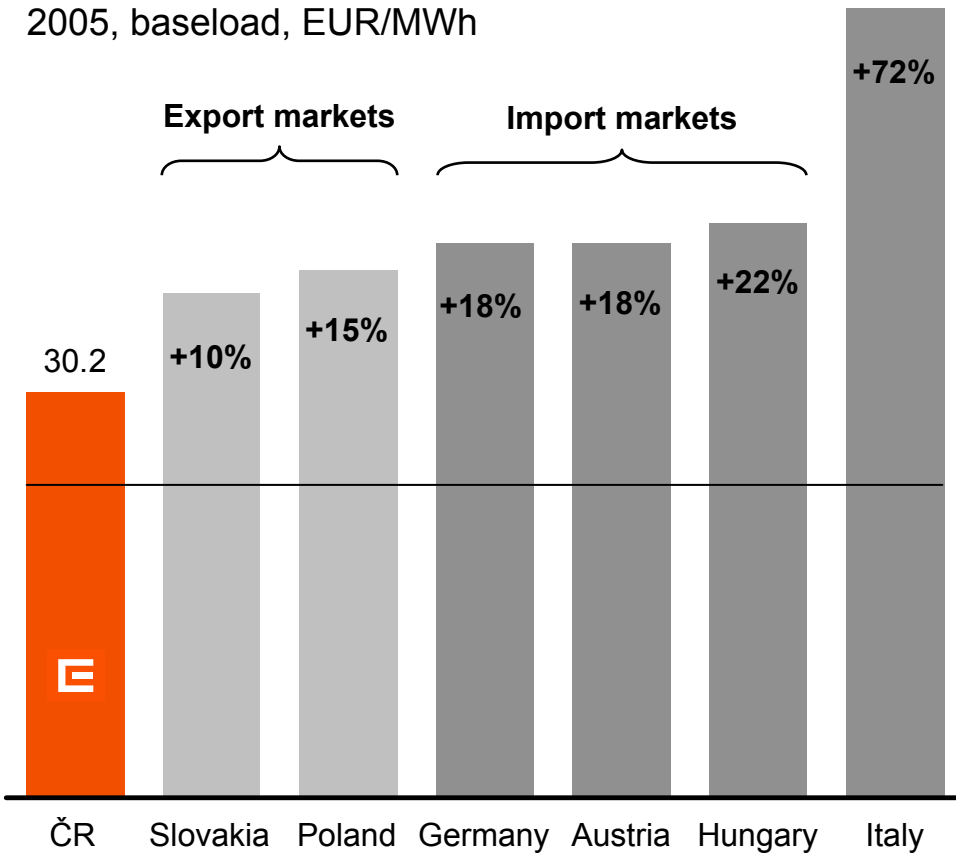


WHOLESALE PRICES OFFERED BY CEZ ARE THE LOWEST IN THE REGION



Wholesale power price*

2005, baseload, EUR/MWh



Existing pricing

- Has been a result of **influence of higher German prices** and potential cheaper imports from Poland and Slovakia
- Will be changed with full implementation of CO₂ European Trading Scheme supporting **price convergence**



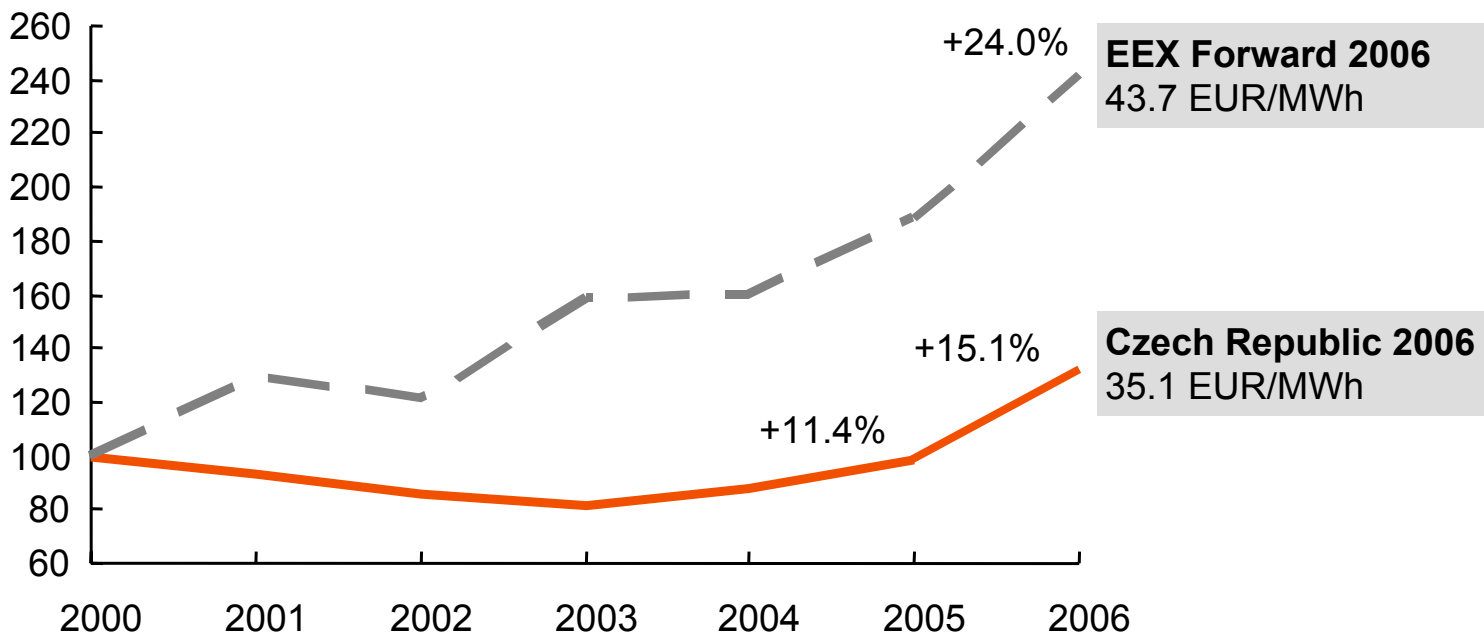
* Comparing 2005 forward price as of September 2004



GAP BETWEEN ELECTRICITY PRICES IN THE CZECH REPUBLIC AND ABROAD REMAINS WIDE



Wholesale electricity prices (baseload) 2000 index

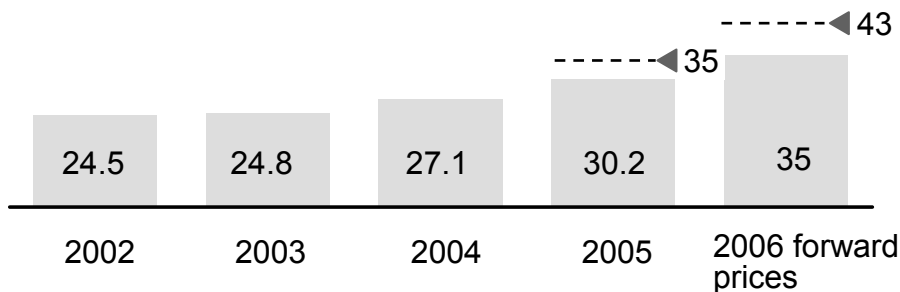




DOMESTIC AND EXPORT PRICES ARE CONVERGING TO INTERNATIONAL LEVELS



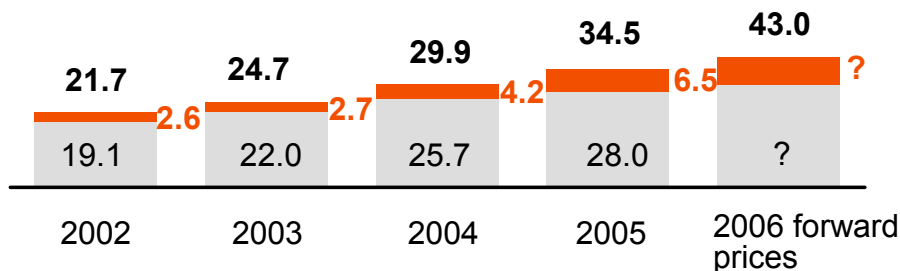
**Domestic annual
baseload
wholesale prices**
EUR/MWh*



Price change
Percent



Export prices
EUR/MWh



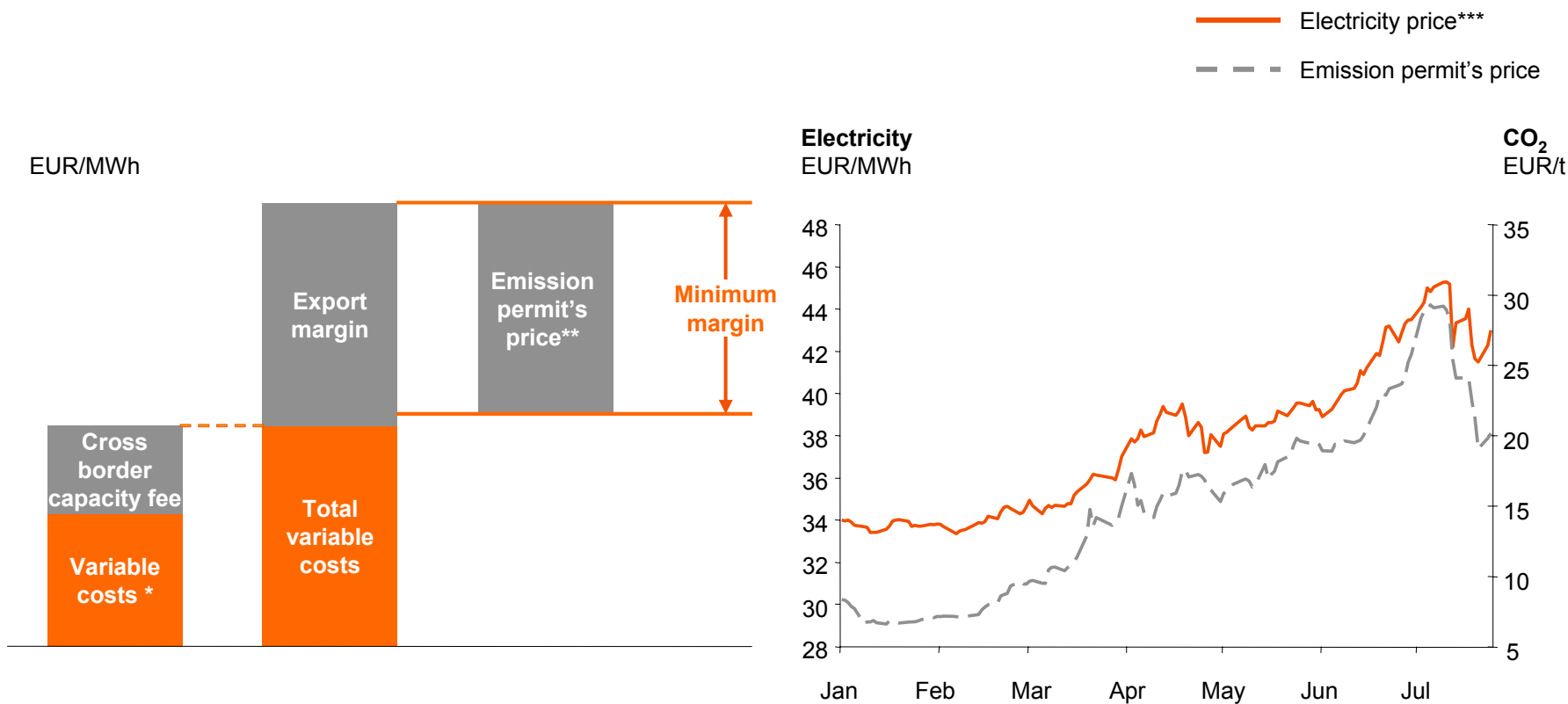
Price change
Percent



* Exchange rate CZK/EUR = 30



CO₂ EMISSION PERMITS HELP CEZ TO HEDGE ITS EXPORTS



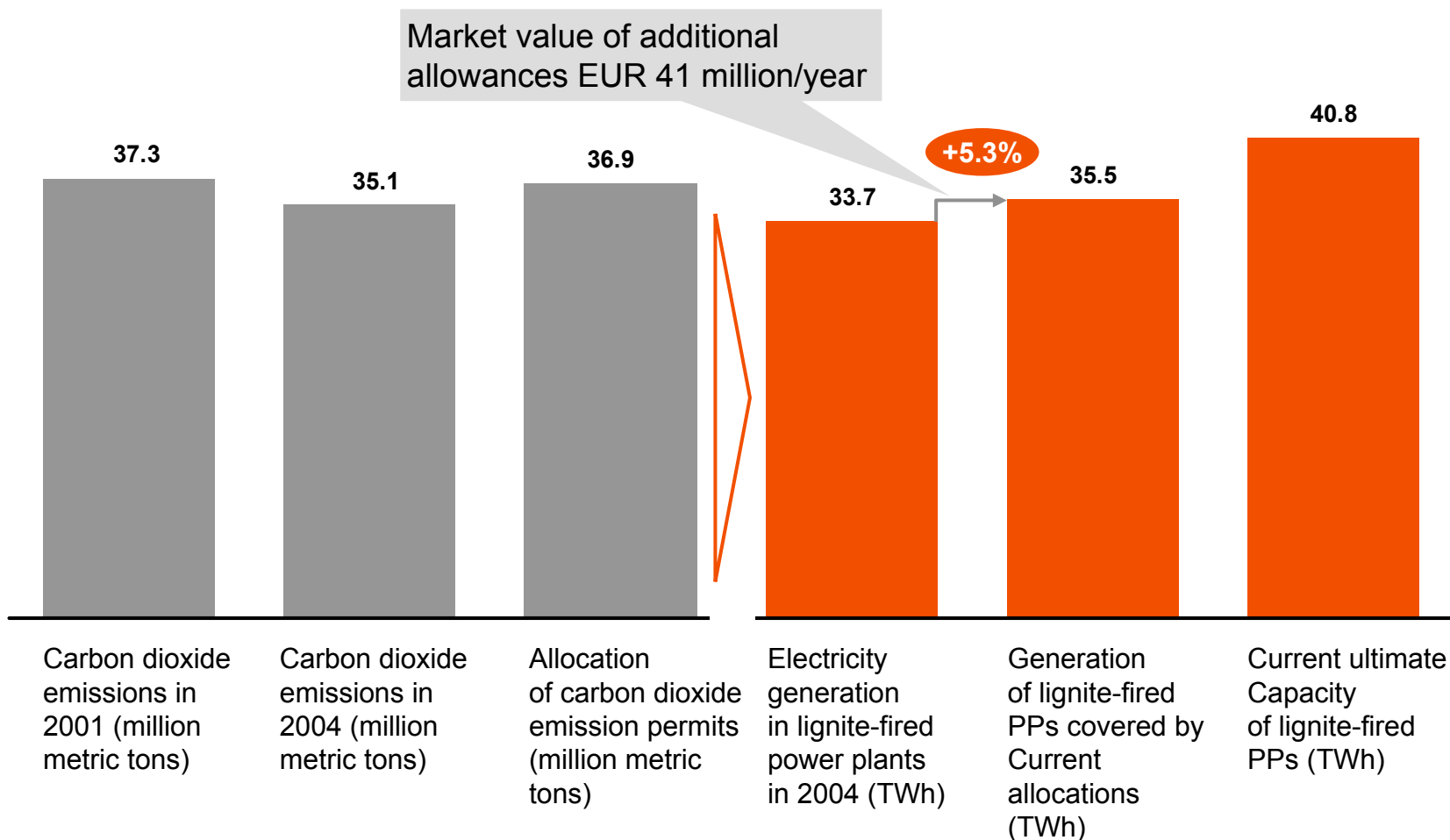
* Coal-fired power plants

** Generation of 1 MWh of electricity in coal-fired power plant induces production of 1.04 metric tons of carbon dioxide

*** 2006 baseload future traded at EEX



ALLOCATION OF 36.9 TONS OF CO₂ EMISSION PERMITS PER YEAR FOR 2005–07 ALLOWS CEZ TO INCREASE GENERATION IN LIGNITE-FIRED POWER PLANTS BY 5.3%

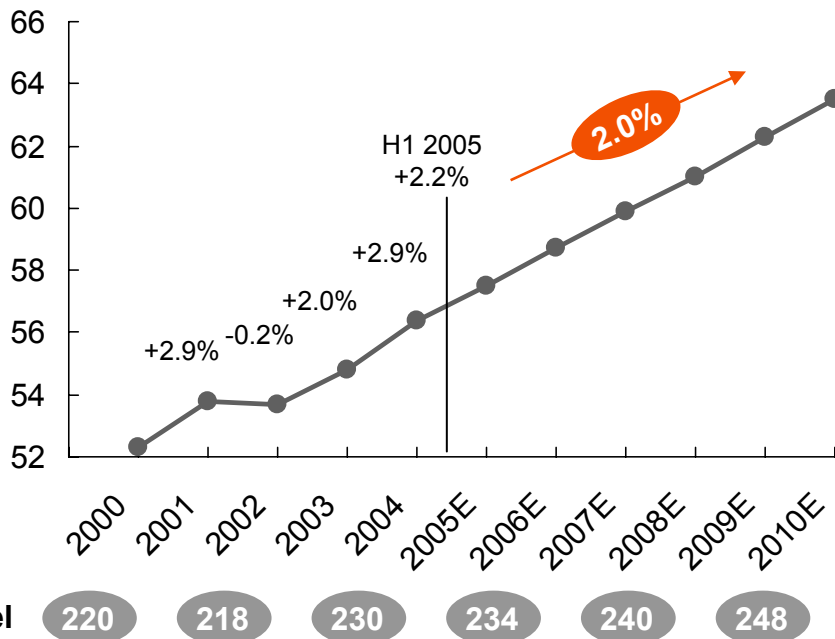




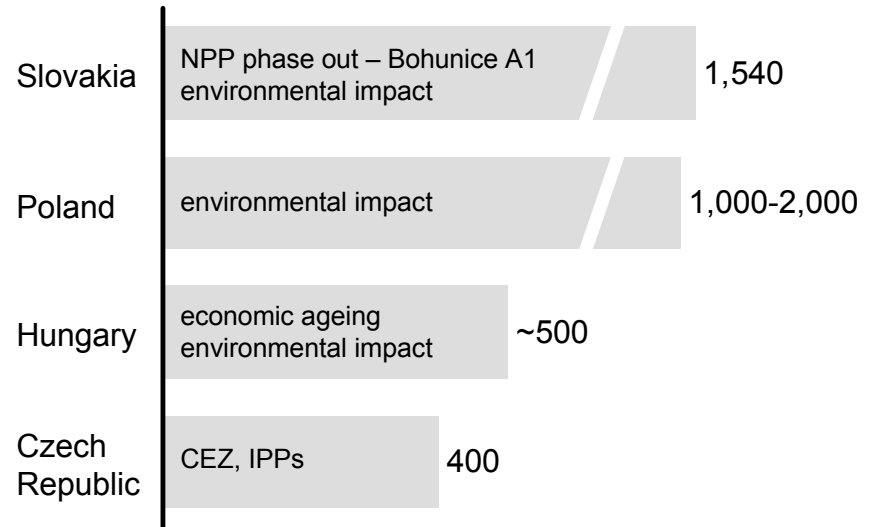
GOING FORWARD, CEZ GROUP WILL BENEFIT FROM FAST GROWING DEMAND AND FORCED SHUT DOWN OF OLD PLANTS



Power consumption in the Czech Republic
TWh



Estimated capacity reduction in Central Europe by 2010
Installed capacity, MW



- Increased shortage of power in the region
- Lower pressure on export profiles to Germany/Austria
- Price convergence to one level across Central Europe

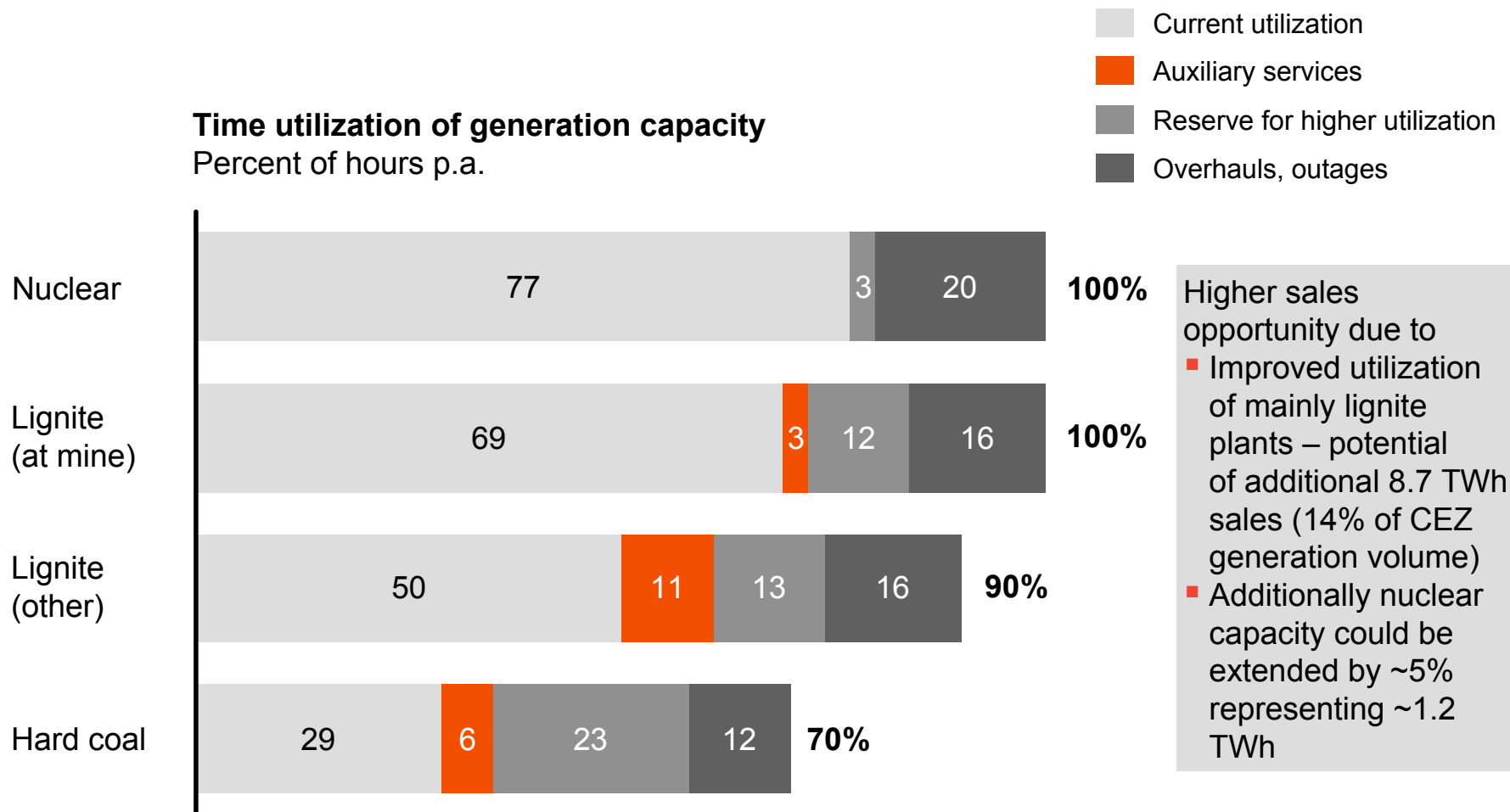


ADDITIONAL 8.7 TWh CAN BE GENERATED BY INCREASING UTILIZATION OF NUCLEAR AND COAL PLANTS



Time utilization of generation capacity

Percent of hours p.a.





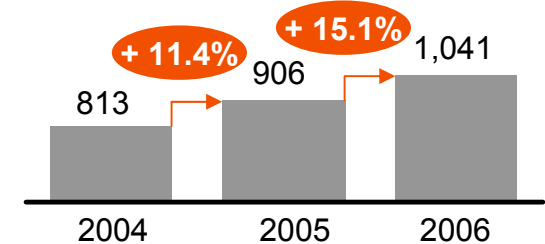
CEZ GROUP INCREASED SALES MARGIN WHILE MAINTAINING MARKET SHARE



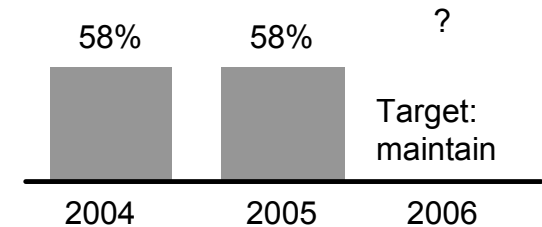
Distribution regions of CEZ Group



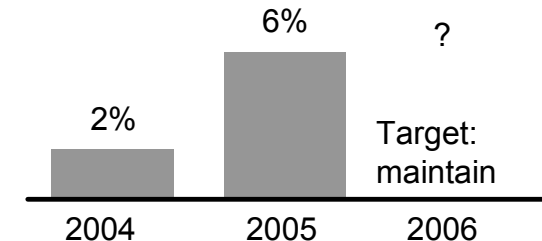
Domestic wholesale baseload CZK/MWh



Market share in power retail Percent of MWh

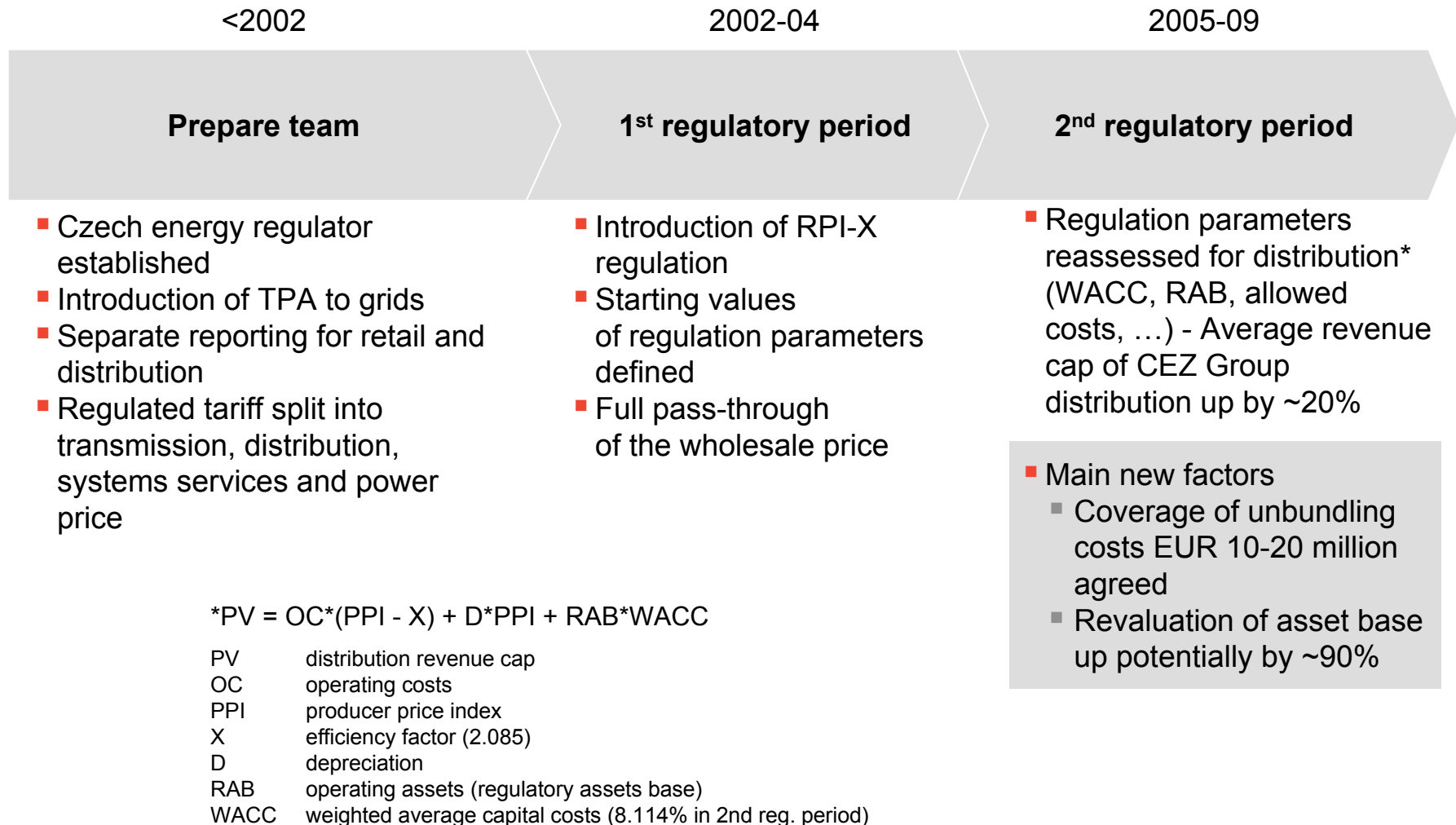


Average net supply margin Percent



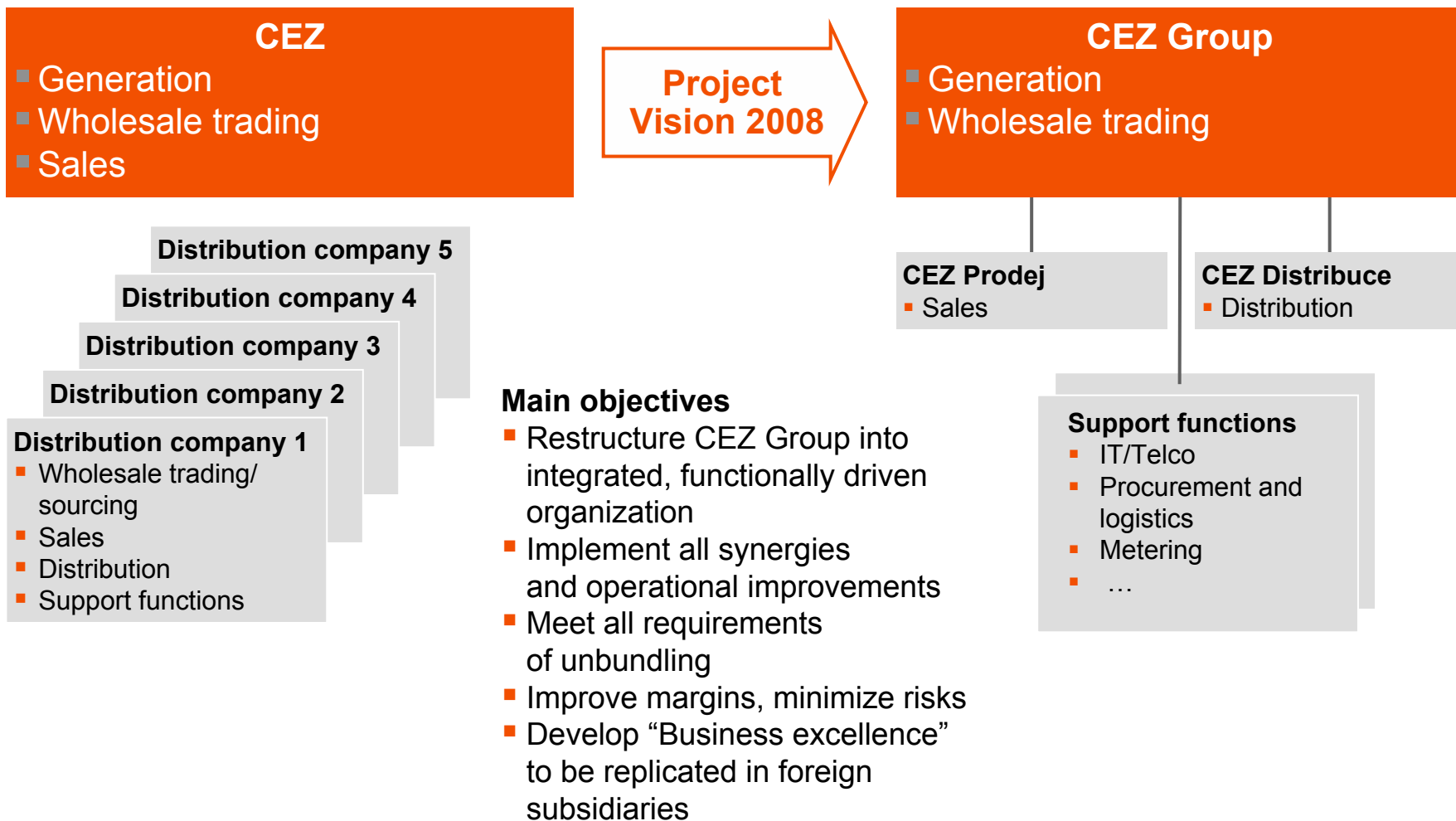


REGULATORY ENVIRONMENT IN THE CZECH REPUBLIC IS FAIR AND TRANSPARENT





WITHIN PROJECT VISION 2008 CEZ GROUP WILL REORGANIZE ITSELF INTO A TRANSPARENT HOLDING STRUCTURE ...

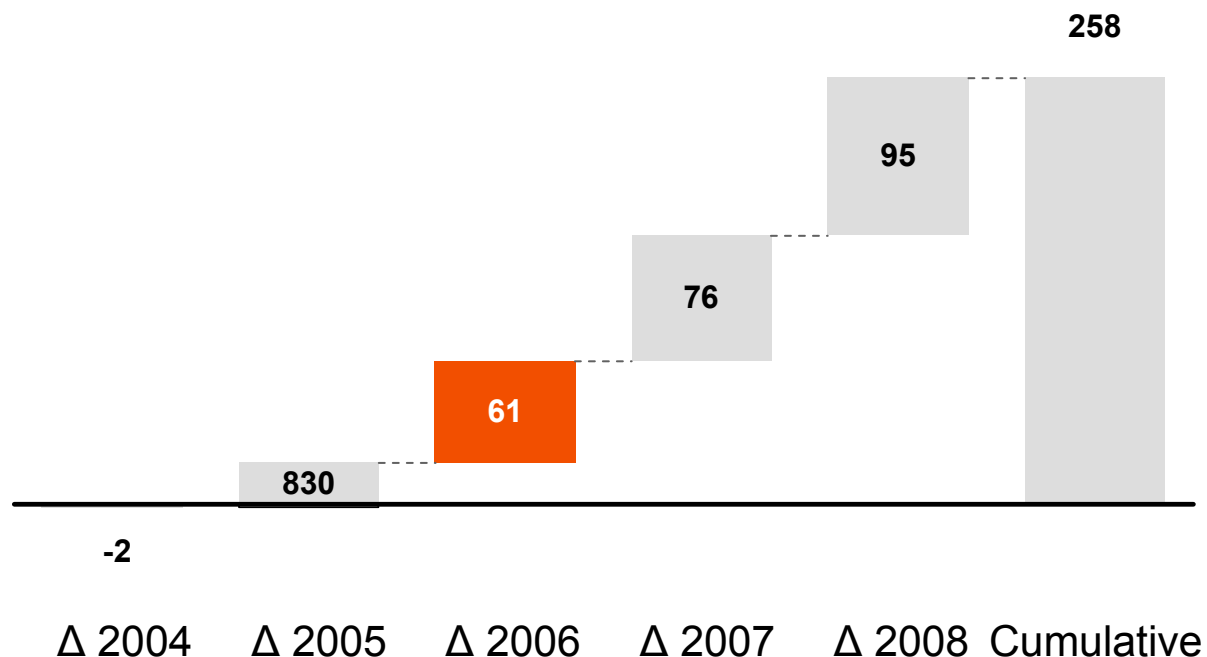




... AND ACHIEVE ALMOST EUR 100M IN ANNUAL SAVINGS

Gross costs saving* in 2004-08

EUR million



Total annual costs savings related to Vision 2008 project are to reach CZK 2.9 bn by 2008, i.e., ~10% 2004 operating costs in supply and distribution segment (excluding purchased electricity)

Key contributions

Processes unification

Best practice

Headcount reduction

Centralized procurement

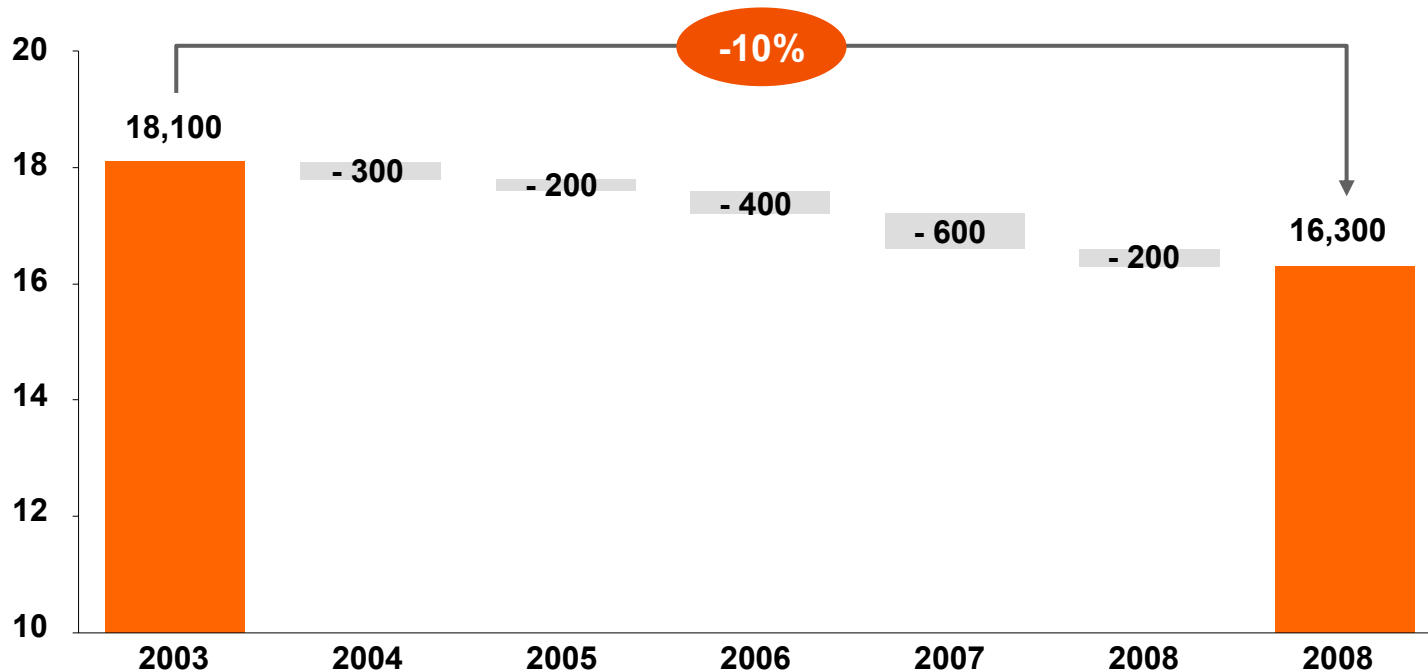
* Costs savings compared to 2003

Source: CEZ



NUMBER OF EMPLOYEES WILL DECLINE BY 1,800 BY 2008
TOTAL COSTS SAVINGS WILL REACH CZK 2.9 BN

Number of employees in CEZ Group CR
Thousands





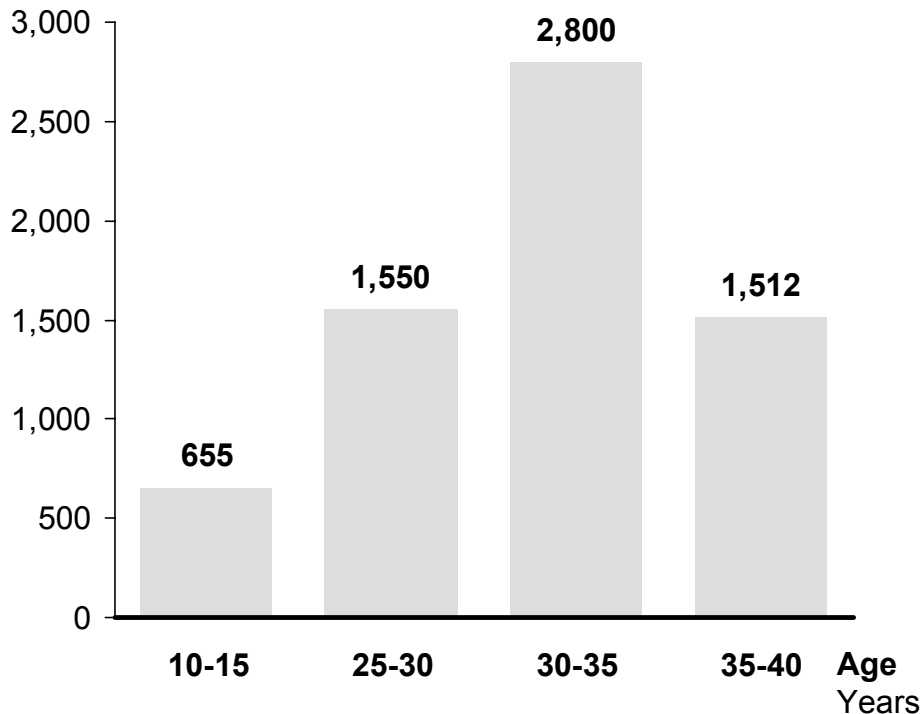
AGENDA

- Summary for investors
- Introduction
 - Scope of operations
 - Financial performance
- **Strategic initiatives of CEZ Group**
 - Integration and operational excellence
 - **Plant portfolio renewal**
 - M&A expansion



LARGE PORTION OF CEZ POWER PLANTS WILL BE AT THE END OF THEIR LIFETIME





Age structure of CEZ thermal blocks MW



- Portion of CEZ thermal capacity approaches end of its life time in 2010-20
- Also desulphurization equipment to reach end of its lifetime in 2015 -2020
- Additionally, the emission limits on SO_x, NO_x will get much stricter starting 2016
- As a result thermal capacities must be renewed by new plants additions of refurbishment of existing equipment

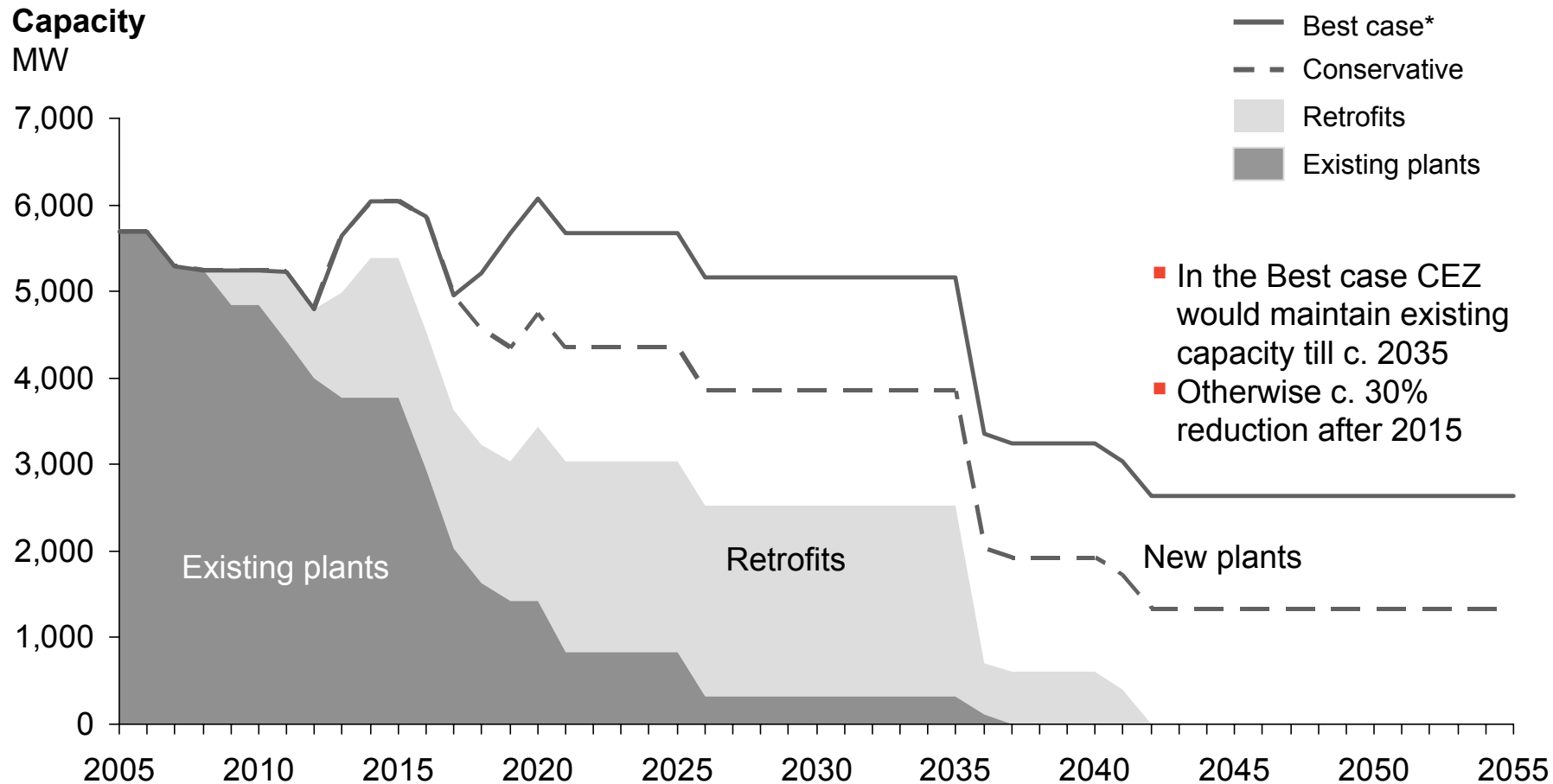


CEZ INTENDS TO BUILD ITS FUTURE PLANT FLEET AROUND NEW GENERATION OF LIGNITE PLANTS

	Coal	Nuclear	Gas	Renewables
Environmental impact	<ul style="list-style-type: none">Acceptable emissions if well designed/managed	<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 clear yet
				
	<ul style="list-style-type: none">Cornerstone of the future CEZ plant fleet	<ul style="list-style-type: none">Complement to lignite for baseload generation	<ul style="list-style-type: none">Potentially source of flexible power	<ul style="list-style-type: none">Complementary role (e.g., combined combustion of coal and biomass)



CEZ HAS FINALIZED PLANS FOR LIGNITE PLANTS RENEWAL AND NOW DEVELOPS STRATEGY IN OTHER FUELS

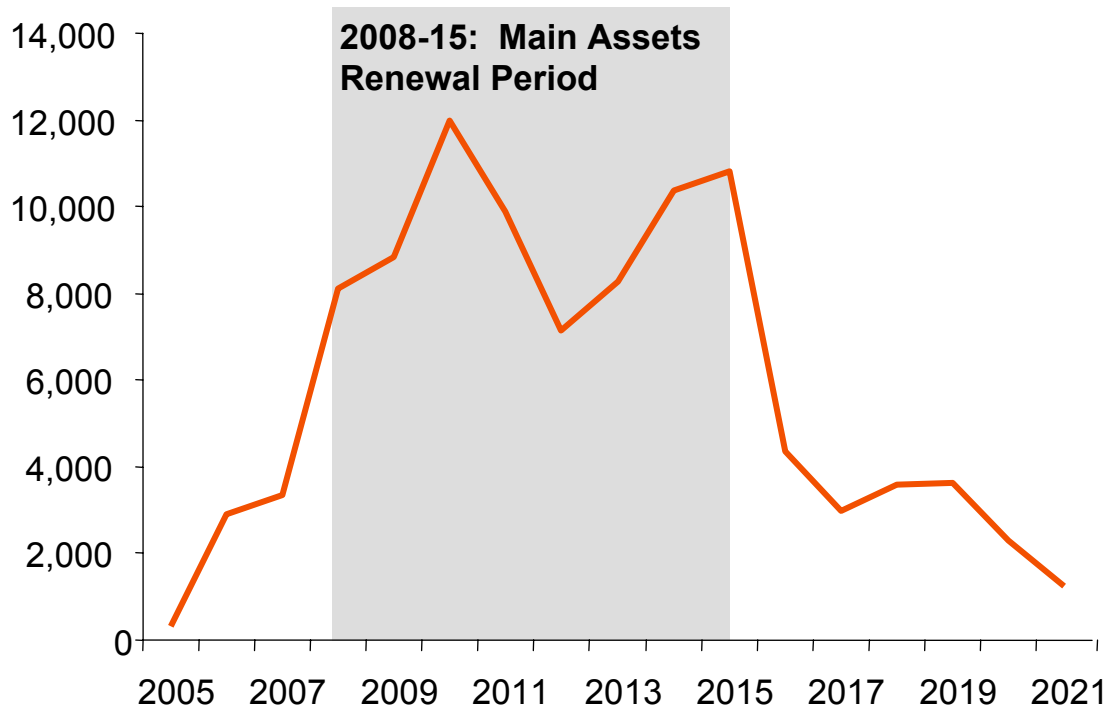


* The best case scenario (additional 2x 660 MW in new units) would require removal of existing administrative geographical mining limits



LIGNITE PLANTS PORTFOLIO RENEWAL RELATED CAPEX TO REACH CZK 100 BN AND BRING 14-25% EFFICIENCY UPLIFT

Expected CAPEX – conservative scenario CZK million



Projects overview

- 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 4 x 200 MW
 - Počerady 3 x 200 MW

New units

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



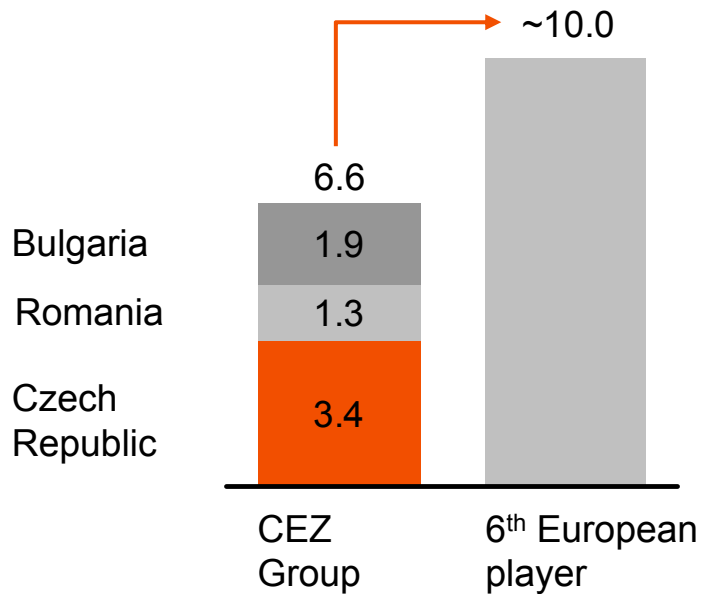
AGENDA

- Summary for investors
- Introduction
 - Scope of operations
 - Financial performance
- **Strategic initiatives of CEZ Group**
 - Integration and operational excellence
 - Plant portfolio renewal
 - **M&A expansion**



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

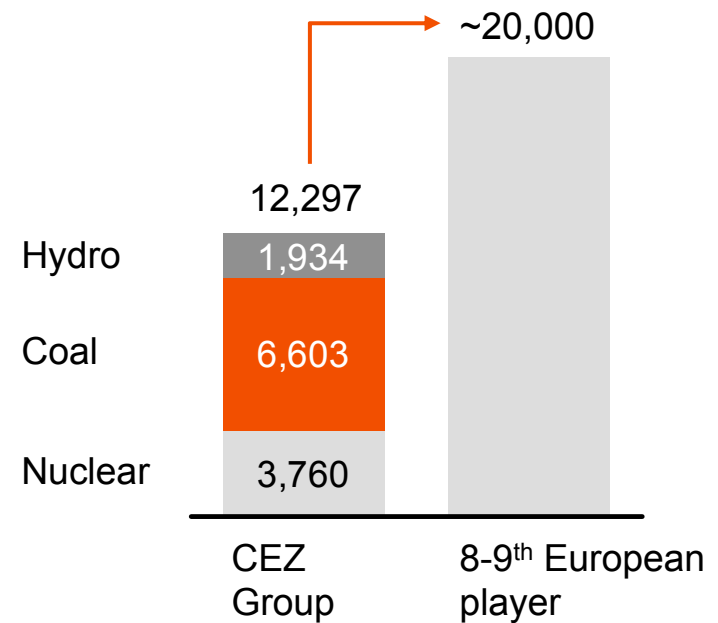
Ambition for distribution/supply growth Millions of customers



**Current
ranking**

8th

Ambition for target generation growth MW of installed capacity



10th



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

- Intimate knowledge of the region
- Very well accepted, successful but “local” investor due to close cultural/historical ties
- First-hand experience with transformation of power markets
- Natural hedge to current position of CEZ Group providing significant synergies/risk mitigation
- Significant portion of the assets still in state hands, many privatization processes initiated
- Limited interest of other players in target region of CEZ Group
- Higher financial leverage of other players



EVEN THOUGH CEZ GROUP HAS AMBITIOUS EXPANSION PLANS, WE ARE VERY PRUDENT IN OUR M&A DECISIONS

Key criteria for M&A decisions

- Target attractive on standalone basis (market position, asset quality)
- Synergies with CEZ Group (welcomed but not taken into valuation)
- Return above cost of capital (without future synergies)
- Credit rating targeting
- Positive contribution to CEZ Group value

M&A process

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

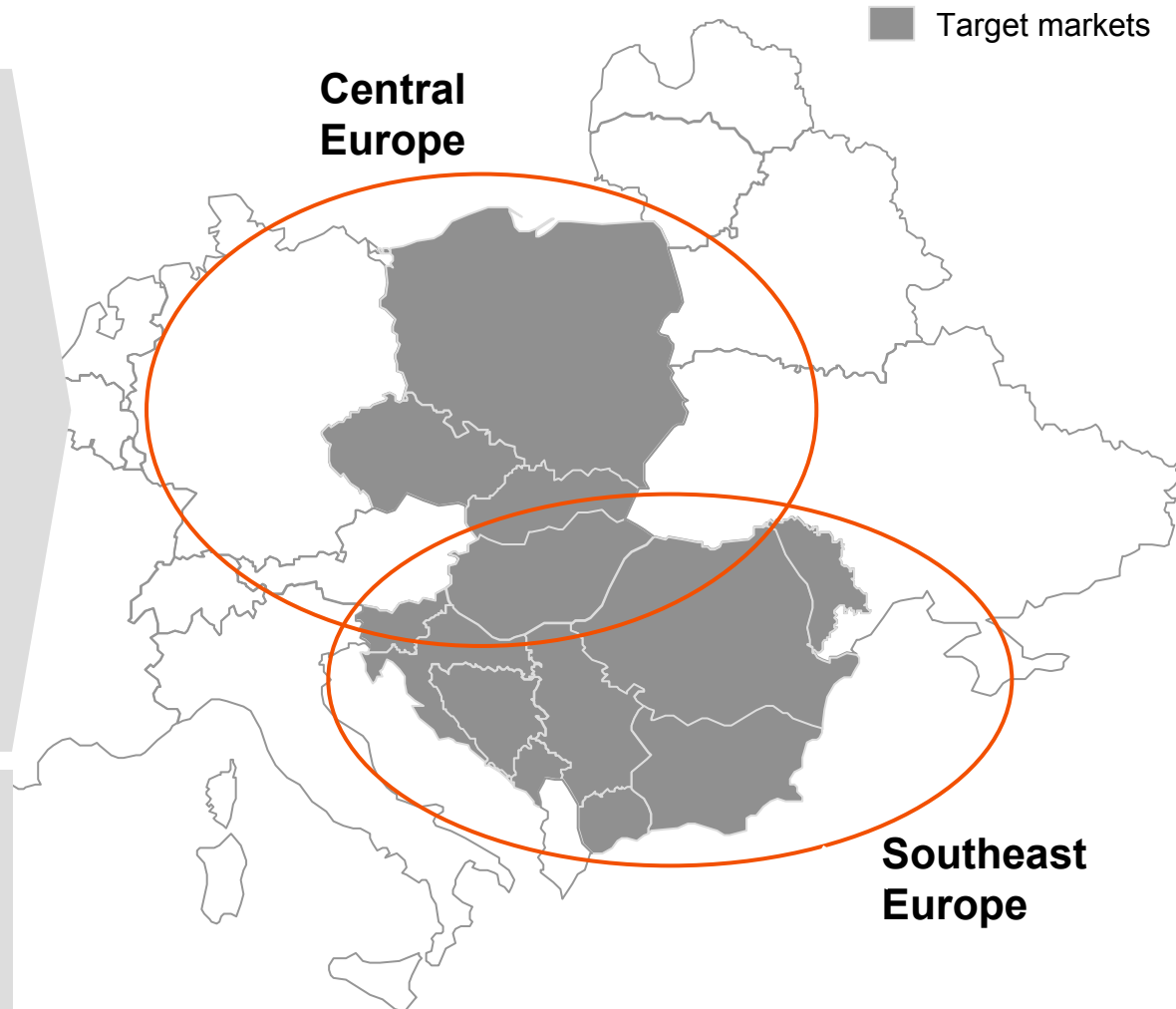


THERE IS LARGE NUMBER OF POTENTIAL TARGETS IN THE REGION OF CENTRAL AND SOUTHEASTERN EUROPE

Main acquisitions opportunities 2005-06

- **Bulgaria:** generation – TPPs Varna, Ruse
- **Romania:** distributors Muntenia Sud, generation – TPP Turceni, Rovinari, Craiova
- **Poland:** generation – PAK, Dolna Odra, Kozienice, distribution
- **Montenegro:** generation + mining – TPP Pljevlja, coal mine company Pljevlja
- **Macedonia:** generation + distribution – electricity power complex ESM

Additional opportunities expected within next 2-3 years – e.g., remaining distributors in Romania, energy sector in Serbia and former Yugoslavia, additional assets in Poland





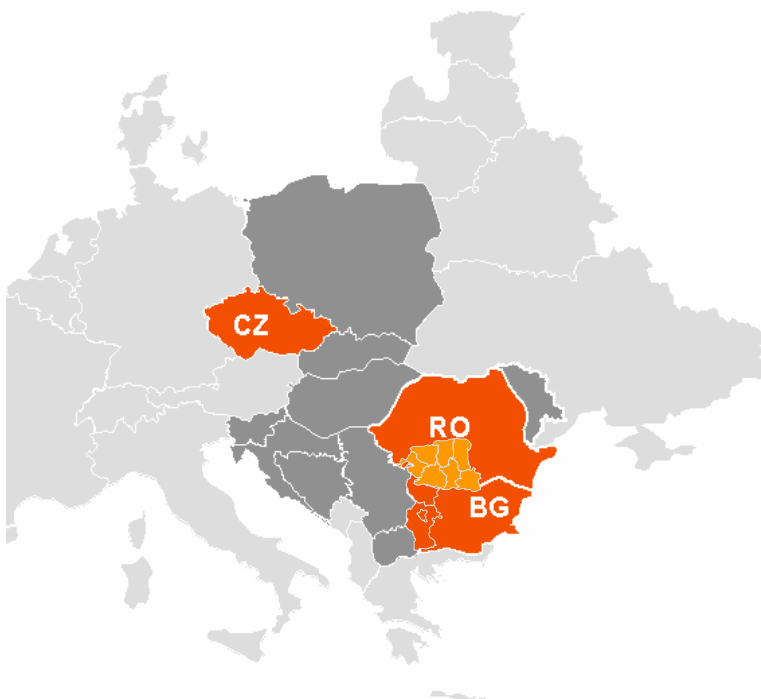
CEZ PARTICIPATES IN ALL PENDING PRIVATIZATIONS IN THE TARGET REGION

Varna <ul style="list-style-type: none"> Installed capacity (MW) 1,260 Sales (2004, GWh thousands) 2,463 Sales (2004, EUR million) 69.9 Bids submitted (CEZ's bid 2nd highest), deal still open UES RAO submitted highest bids for both, however, competition authority ruled Varna and Ruse can not be controlled by one entity 	Ruse <ul style="list-style-type: none"> Installed capacity (MW) 400 Sales (2004, GWh thousands) 421 Sales (2004, EUR million) 23.9 	Muntenia Sud <ul style="list-style-type: none"> Number of customers (million) 1.1 Sales (2004, TWh) 4.3 Sales (2004, EUR million) 286 Process started in July Expected finish by end of 2005
Dolna Odra (up to 85%) <ul style="list-style-type: none"> Installed capacity (MW) 1,950 Sales (2004, TWh) 5.6 Sales (2004, EUR million) 290 Pre-final bids (end of August) to be handed over to new post-election government for finalization 	Kozienice (50%+) <ul style="list-style-type: none"> Installed capacity (MW) 2,820 Sales (2004, TWh) 11.8 Sales (2004, EUR million) 414 Pre-final bids (end of August) to be handed over to new post-election government for finalization 	Pljevlja (generation assets + 30% share in coal mine) <ul style="list-style-type: none"> Installed capacity (MW) 210 Sales (2004, GWh, estimate) 1,000 Final bids expected at the end of September 2005



THE ACQUISITION OF EDC OLTENIA IS ALMOST COMPLETE AND INTEGRATION HAS STARTED

Acquisition of distribution in Romania
51% share in EDC Oltenia*, adjacent to
the Bulgarian EDCs



Status

- CEZ Group selected as a tender winner
- SPA signed; settlement expected in 9/2005
- Strong CEZ management team on the ground combining internal professionals with managers from outside the Group and Romanian experts
- The team currently in the role of observer, consulted on key issues by local management

* 25% share purchase, remainder equity contribution



THE INTEGRATION OF THE BULGARIAN EDCs IS PROGRESSING FASTER THAN EXPECTED

Acquisition of distribution in Bulgaria
67% in three EDC



Status

- Control gained faster than expected thanks to tight project management
 - Corporate governance changes to secure control over all three EDCs
 - Team of 3 observers quickly extended to international team of 20 professionals covering all important business areas
- Immediate initiation of key projects to improve financials and increase comfort with the acquisition's performance
 - 6 projects targeting quick improvements in key business areas such as regulatory management, purchasing, planning and standardization of investment and sales to eligible customers
 - 4 support projects deal with finance, corporate governance, organization and communication
- CEZ is now well positioned to proceed with management process redesign, unbundling and eventually consolidation of the three EDCs to benefit from best practices implementation



FAST INTEGRATION IN BULGARIA BRINGS EARLY RESULTS

- Unified organizational structure across all three EDCs implemented
- All three EDCs adopted international accounting standards
- Energy losses were reduced by ~10% in all three EDCs during the first half of 2005
- Coordination of selected activities among EDCs already delivered first cost savings
- CEZ is the only of all distribution companies that obtained trading license in line with legal deadlines
- Tariff application requesting a price increase was submitted to the regulator, however, post-election uncertainty in Bulgaria can delay the regulator's decision

Selected financials – IFRS

EUR million

Name	EDC Stolichno		EDC Sofia Oblast		EDC Pleven		Total	
	H1 2005	H1 2004	H1 2005	H1 2004	H1 2005	H1 2004	H1 2005	H1 2004
Sales	95.4	86.0	52.4	50.2	52.3	49.9	200.2	186.0
EBITDA	15.0	11.4	8.4	6.7	6.1	5.4	29.5	23.5
EBIT	9.3	5.2	5.3	4.4	2.2	2.1	16.9	11.7
Net Profit	7.6	4.0	4.0	3.5	1.8	1.6	13.4	9.1

Note: The figures above do not contain some intra group accrual items