CEZ GROUP

THE LEADER IN POWER MARKETS OF CENTRAL AND SOUTHEASTERN EUROPE

Equity story, February 2007

DISCLAIMER

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AGENDA

CEZ GROUP STANDS APART FROM OTHER UTILITIES IN EUROPE

- The vision of CEZ is to be 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 >310% in the last 24 months with wide international shareholders 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)

Source: CEZ

CEZ GROUP OFFERS SOME EXCEPTIONAL FEATURES TO EQUITY INVESTORS

Key features	Rationale
Strong financial performance	EBITDA margin 40% (generation mix, growth potential)
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	Strong cash flow and very low level of debt
Management fully focused on financial performance	Group restructuring, aggressive performance targets
Dividend policy targets 40-50 % payout	41% pay out ratio in 2005
International corporate governance practices	Under scrutiny of equity brokers, institutional investors, financial advisors and rating agencies (S&P, Moody's)
Increasing exposure to attractive regions of 1st and 2nd EU convergence zone	Central and Southeastern Europe

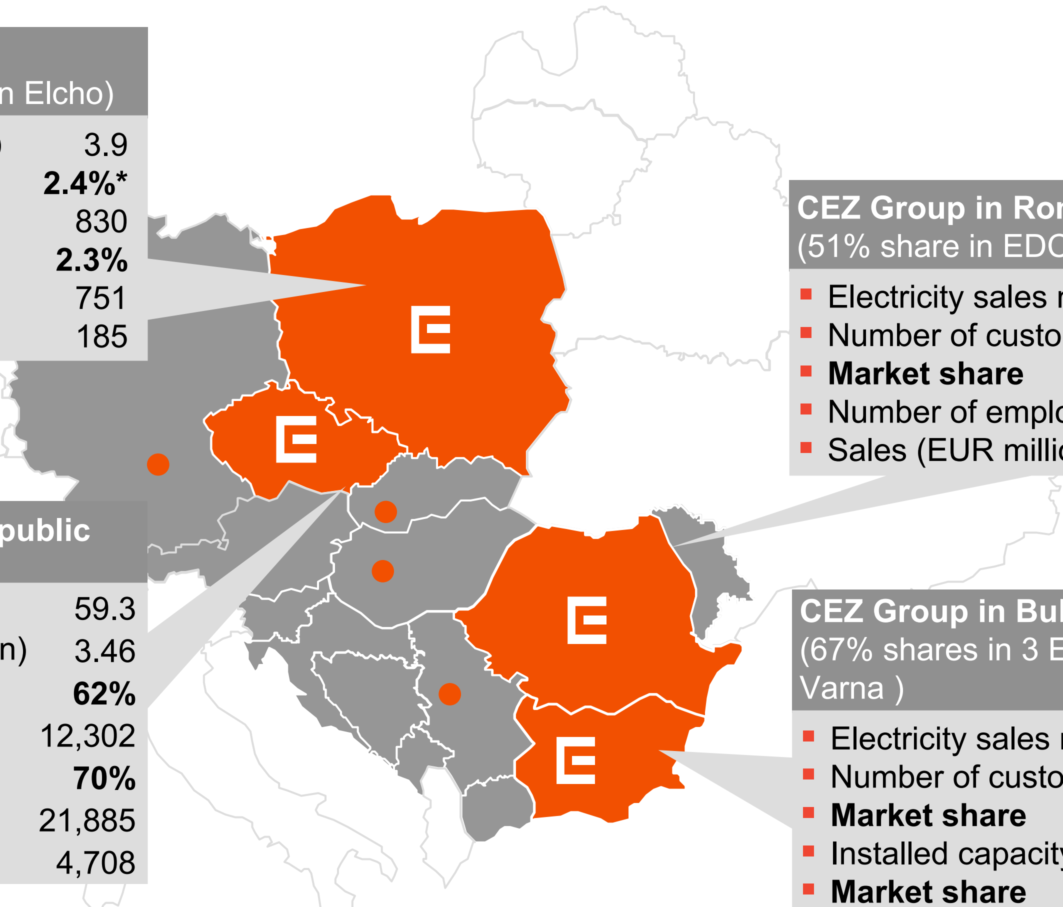
Source: CEZ

CEZ GROUP WILL CONTINUE TO IMPROVE ITS PERFORMANCE FASTER THAN OTHERS

	2006	2007 and beyond	Long term
With current capital	▪ Wholesale price growth, stable fuel costs ▪ Transformation savings ▪ Savings in CO_2 emissions ▪ Improvements in last acquisitions	▪ Wholesale price convergence, stable fuel costs ▪ Higher utilization of plants ▪ Best practice savings (across segments) ▪ Favorable regulation	▪ Stable fuel costs
With additional capital	▪ Consolidation of latest acquisitions (Poland, Varna)	▪ New acquisitions ▪ Increased nuclear capacity ▪ Renewables	▪ Upgrade of Czech generation fleet ▪ Green/Brown field generation projects abroad ▪ Additional nuclear units

Source: CEZ

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



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 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 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 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

Source: CEZ, Distribution companies, national statistics

AGENDA

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

	Lignite mining*	Generation	Transmission	Distribution	Supply
CEZ	**45%** 22 million tons	**73.5%** 62.0 TWh	**100%** 62 TWh	5 out of 8 distribution companies 62% of customers	**53.4%** 32 TWh
Others	**55%** 27 million tons	**26.5%** 22.3 TWh		38% of customers	**46.6%** 28 TWh

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

Generation
- Other competitors – individual IPPs

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

Distribution

Supply
- Other competitors – E.ON, RWE/EnBW

Source: CEZ, ERU; * 2005 data, the remaining data is from year 2006

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

Source: CEZ

NEW MANAGEMENT TEAM IS DETERMINED TO FULFILL THE MISSION

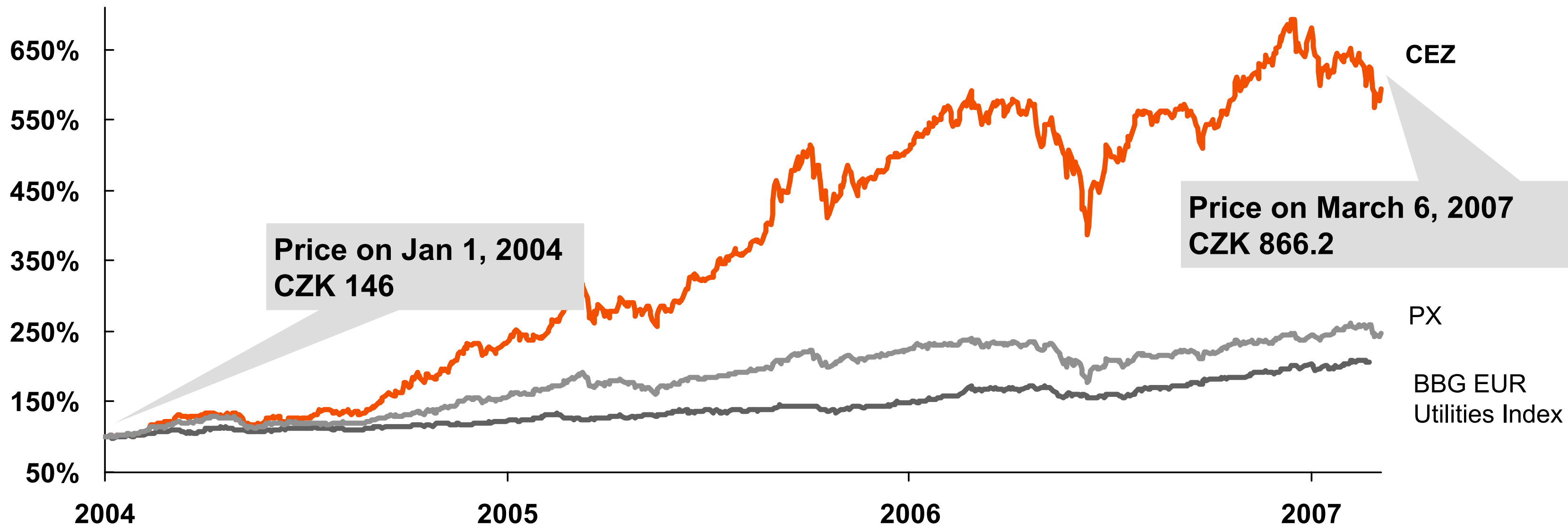
Management team of CEZ Group

	HR	Trade	Finance	CEO	Generation	Distribution	Operations
							
	Zdeněk Pasák	**Alan Svoboda**	**Petr Vobořil**	**Martin Roman**	**Jiří Borovec**	**Tomáš Pleskač**	**Daniel Beneš**
Responsibility	▪ Human Resources ▪ Internal Communication	▪ Trading ▪ Sales and marketing ▪ Customer services ▪ Business dev.	▪ Treasury ▪ Accounting ▪ Planning/ controlling ▪ ICT	▪ M&A	▪ Conventional generation ▪ Nuclear generation ▪ New projects	▪ Distribution ▪ Foreign equity participations ▪ Integration	▪ Domestic Equity participations ▪ Procurement ▪ Coal mining
Credentials	▪ Managing Partner Madsen & Taylor Consulting ▪ Senior Consultant and International Partner Group Helmut Neumann Int.	▪ Partner in McKinsey & Company responsible for energy sector ▪ CFO in regional power distributor	▪ Top management positions in CEZ, including CEO	▪ CEO of Škoda holding in Plzeň ▪ CEO of US-owned Janka Lennox	▪ CEO of Škoda Nuclear division ▪ CEO ABB Service Czech Republic	▪ Top management positions within the CEZ Group	▪ Head of Sales Bohemiacoal ▪ Plant director Tchas ▪ Director Hedviga Group
Since	▪ 2006	▪ 2004	▪ 1980	▪ 2004	▪ 2005	▪ 1993	▪ 2004

Source: CEZ

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

Prices of shares and share indexes*
Percent



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

- **Average daily volume in 2006**
  - CZK 1.4 billion
  - 1.7 million pieces
  - 0.87% of the free float

Listed on WSE since October 25, 2006

CEZ shares are part of the following main indices

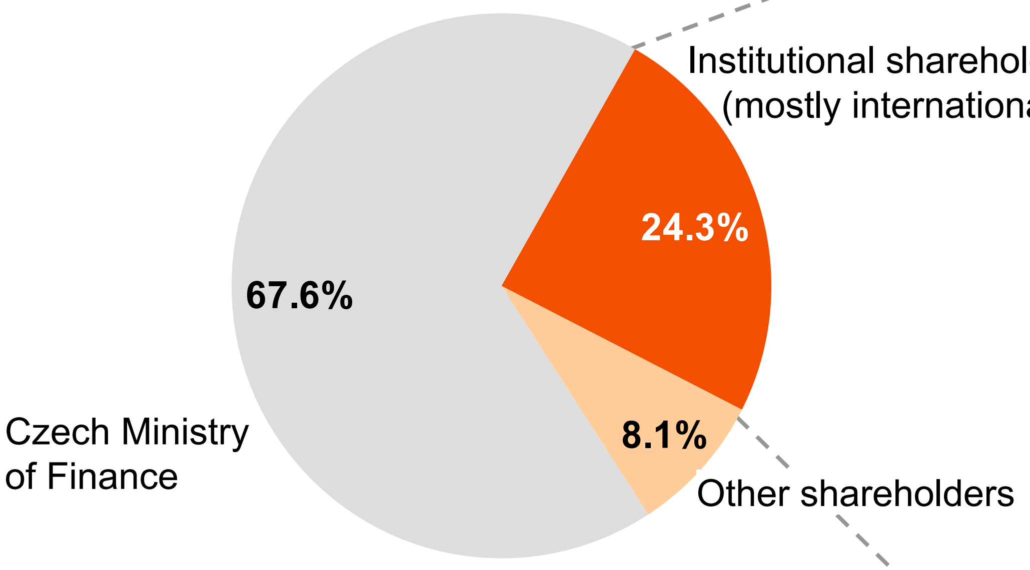
- PX – Prague Stock Exchange
- CTX – Wiener Borse
- CETOP 20 – Budapest Exchange
- STOXX EU Enlarged – Dow Jones
- WIG20 – Warsaw Stock Exchange

* Indexed to Jan 1, 2004

Source: PSE, Bloomberg

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

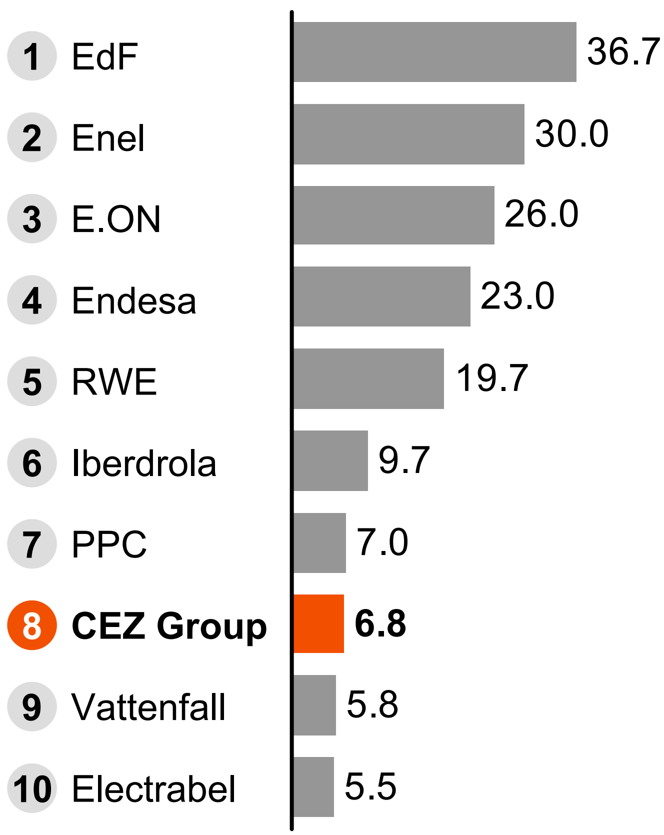
- Baring Global Umbrella
- BNP Paribas
- Charlemagne Capital
- Credit Suisse Life & Pensions
- J. P. Morgan
- Merrill Lynch
- Norwich Life & Pensions Ltd.
- Pioneer
- The State Teachers Retirement System Ohio
- UBS

Source: CEZ, Bloomberg

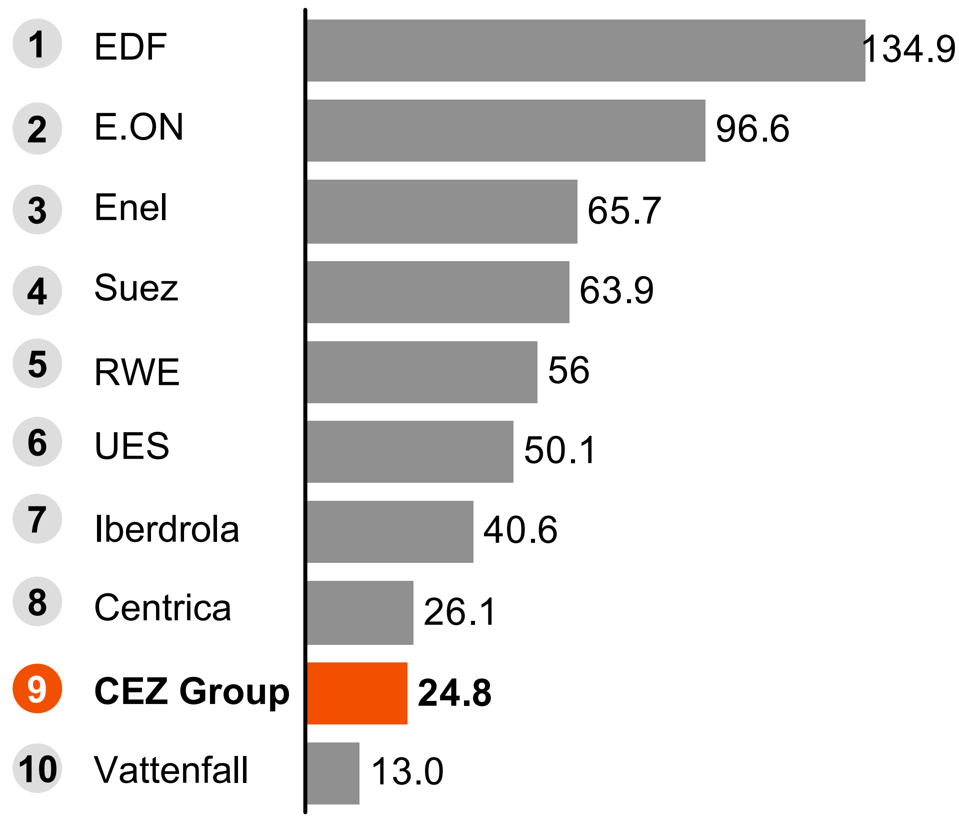
AGENDA

CEZ IS AMONG TOP 10 EUROPEAN POWER UTILITIES

Top 10 European power utilities
Number of customers in Europe, million



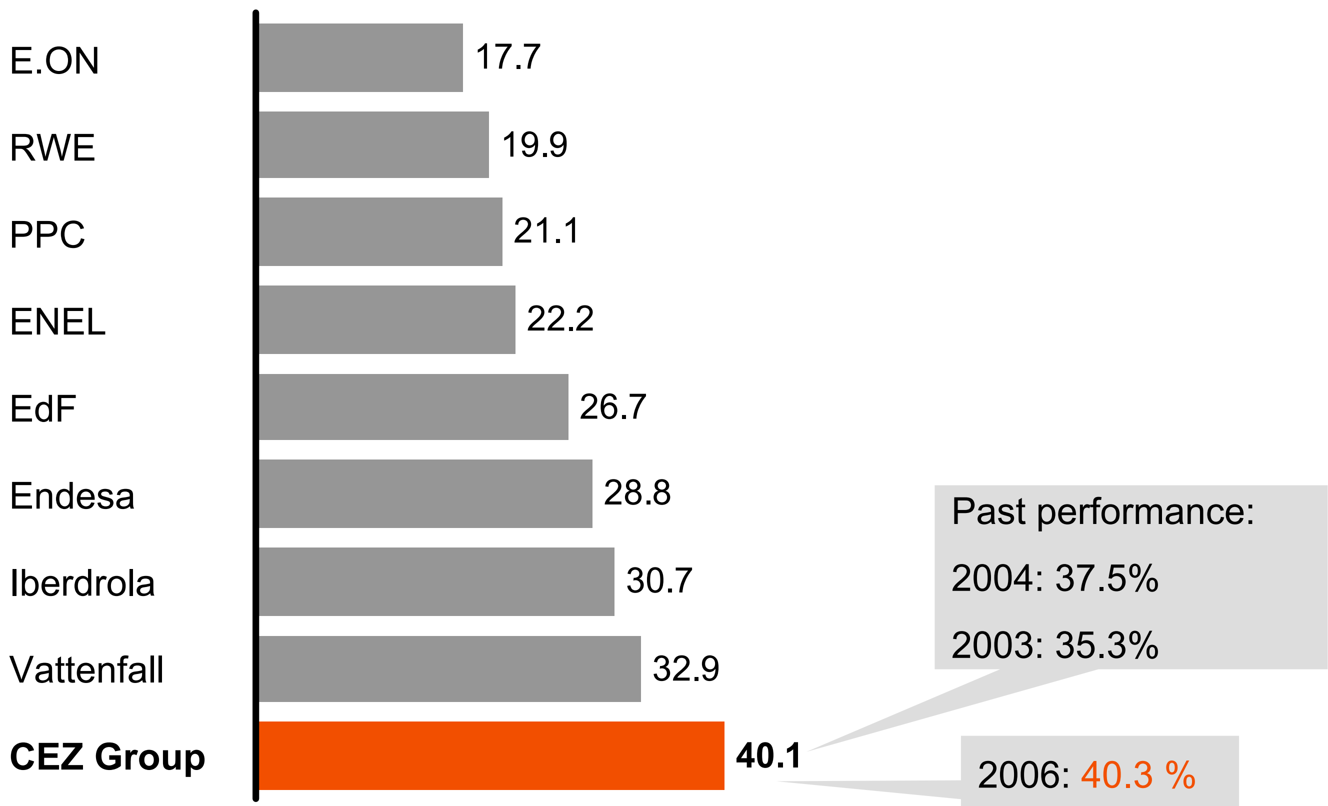
Top 10 European power utilities
Market capitalization, USD bn, as of February 19, 2007



Source: Annual reports; Forbes; CEZ; data for 2005 or latest available

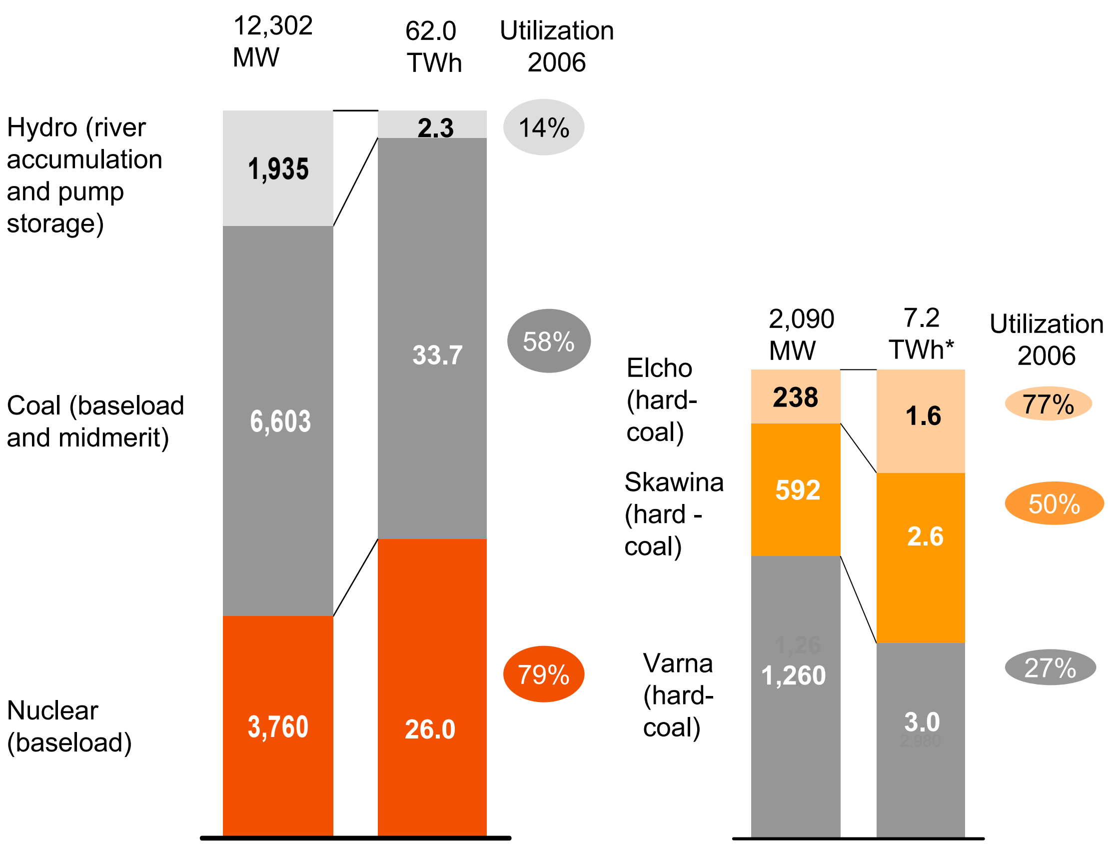
… AND IS THE MOST PROFITABLE UTILITY IN EUROPE MEASURED BY EBITDA MARGIN

EBITDA margin, 2005
Percent

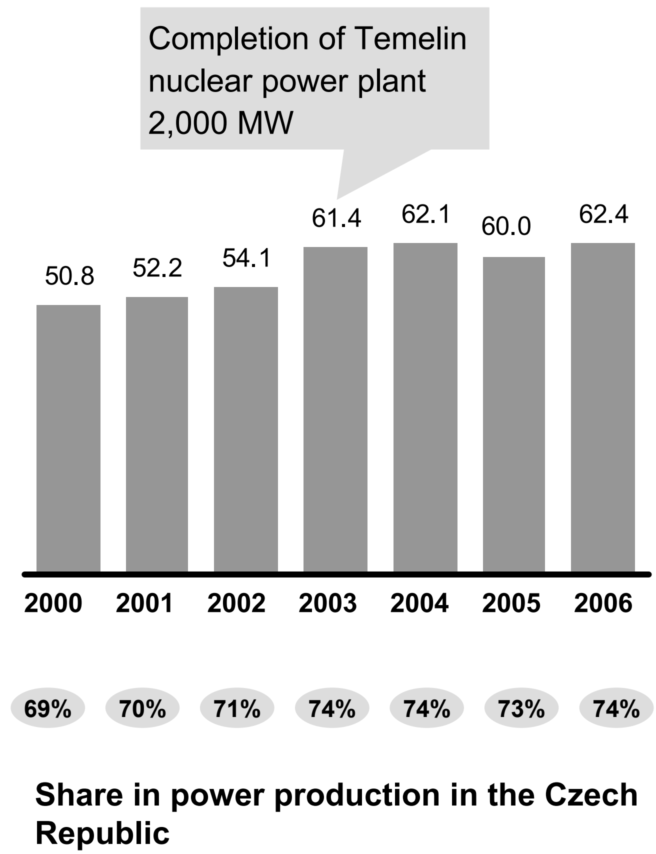


THE MAIN COMPETITIVE ADVANTAGE OF CEZ GROUP IS DOMESTIC LOW COST GENERATION FLEET

CEZ Group generation (2006)
In CR Abroad



Annual production of CEZ Group in CR
TWh



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

Source: CEZ

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

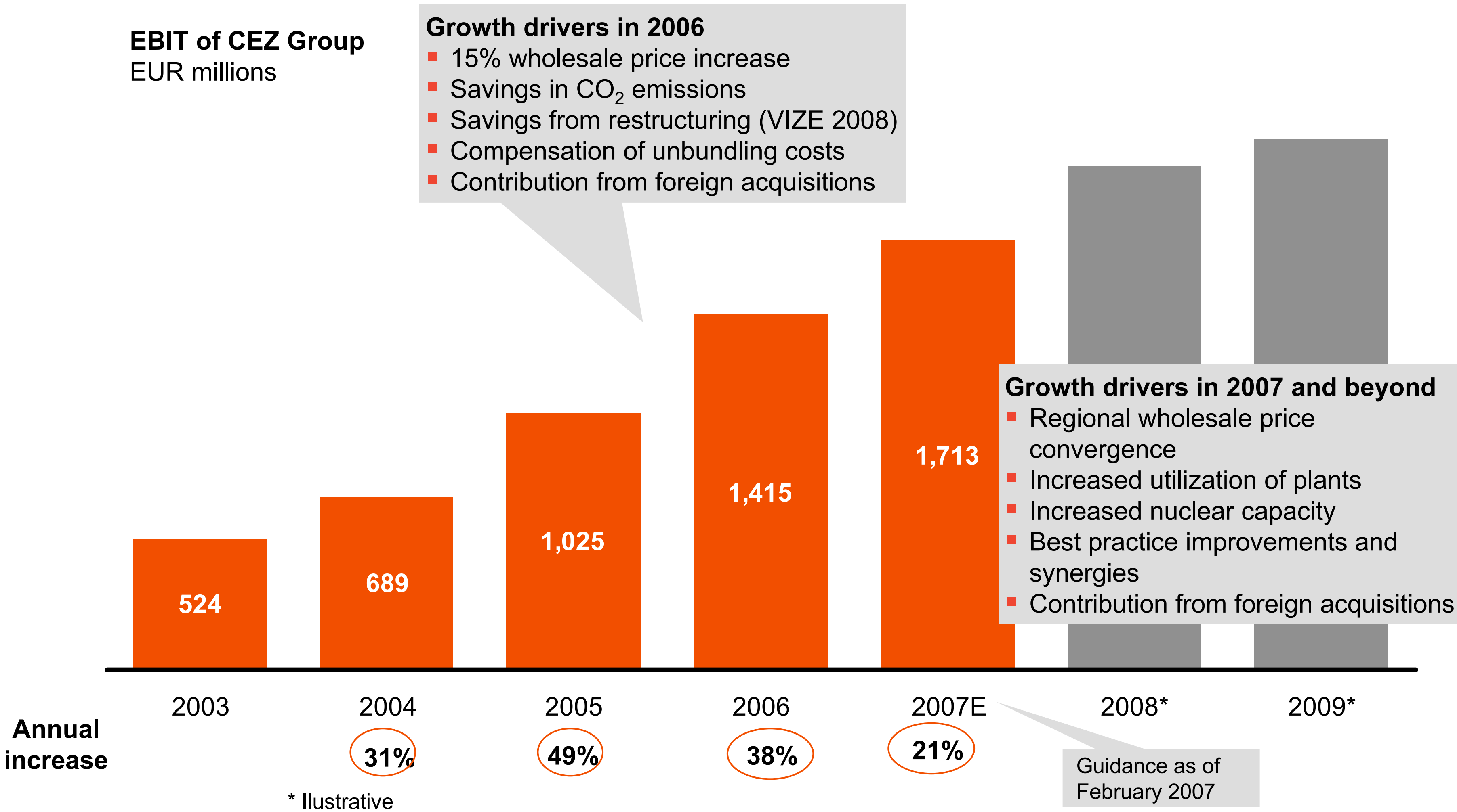
Sources of long-term competitive advantage:

- **Conventional generation**
  - Long term framework agreement for lignite deliveries till 2050 for >90% of consumption
  - Lignite Prices change only as 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

Source: CEZ

CEZ GROUP MAINTAINS VERY HIGH DYNAMICS IN PROFIT GROWTH



* Ilustrative

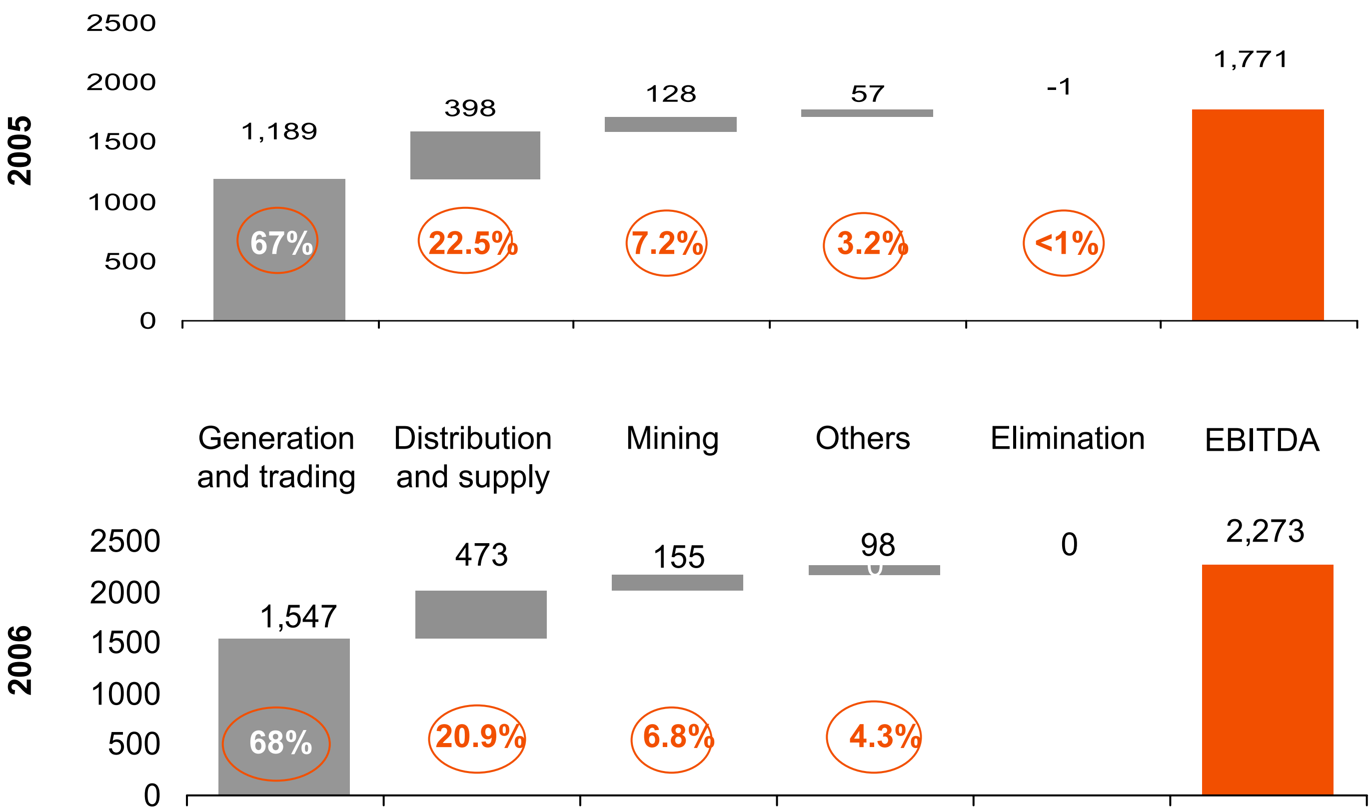
Note: Exchange rate CZK/EUR = 28.30

Source: CEZ

CEZ GROUP PROFITABILITY IS DRIVEN BY GENERATION AND TRADING

EBITDA contribution in 2005 and 2006

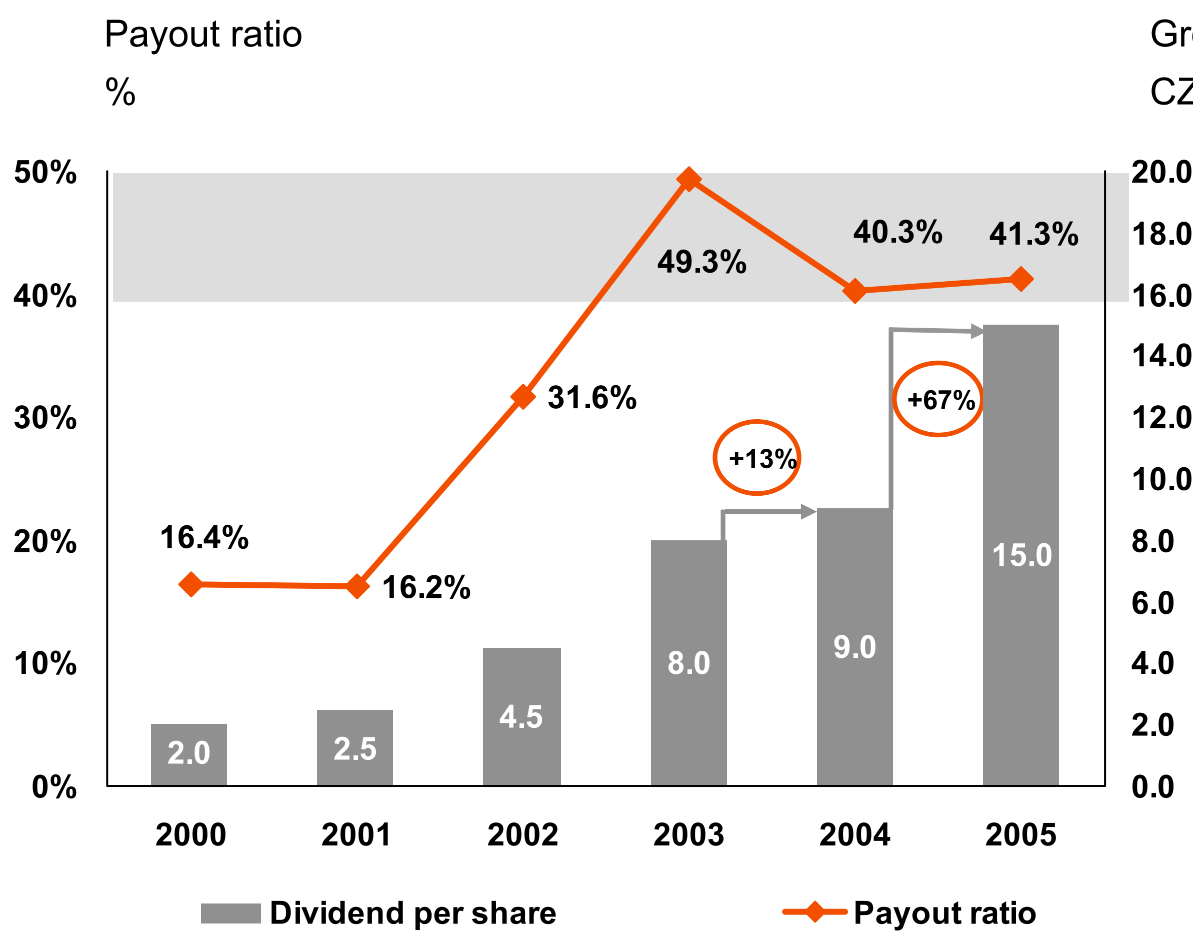
EUR m



- Generation and trading contribute more than 2/3 to overall group EBIT
- Foreign acquisitions contribution more than doubled on EBITDA level from EUR 70m in 2005 to EUR 166m in 2006

Source: CEZ exchange rate 28.3 CZK/EUR

CEZ HAS SIGNIFICANTLY INCREASED IT'S DIVIDENDS IN THE LAST YEARS

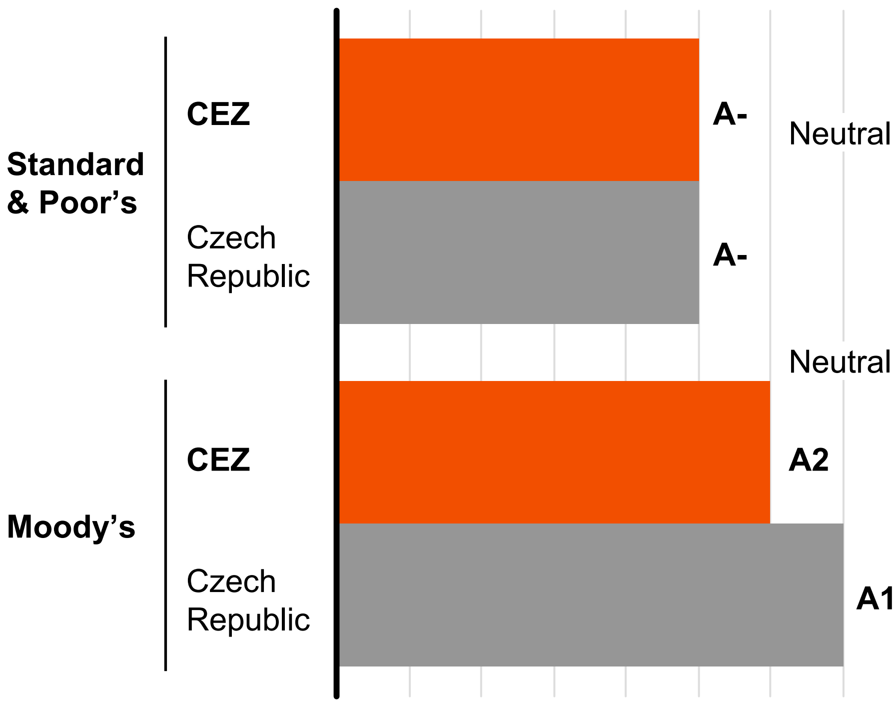


New dividend policy targets payout ratio in the range of 40% to 50% of the consolidated profit

Source: CEZ

CEZ MAINTAINS VERY STRONG CREDIT RATING

Credit rating of CEZ and Czech Republic

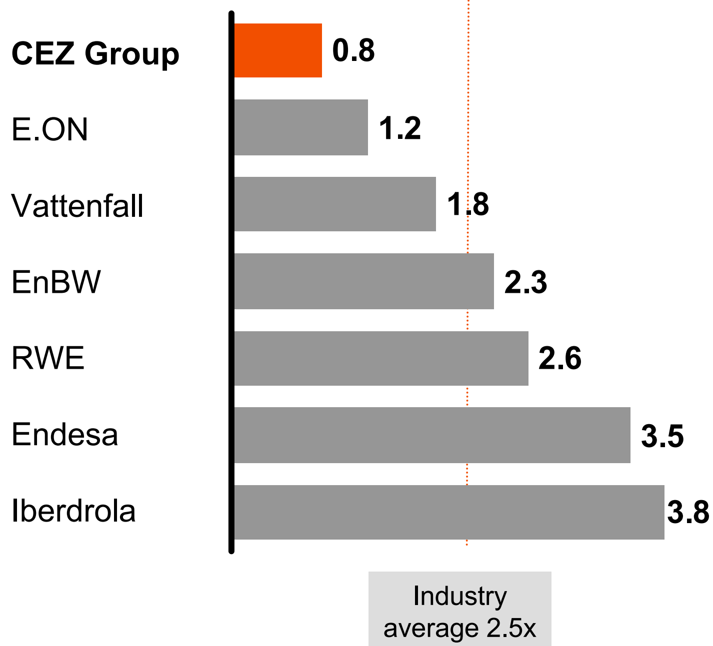


- CEZ has high credit rating just below the country risk
- CEZ has been first rated company in former Eastern Europe (1994)
- CEZ has been first and one of the largest corporate bond issuers in CEE
- CEZ is commited to maintain its strong credit rating

Source: CEZ, rating agencies

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

Debt/ EBITDA
Multiples, 2005

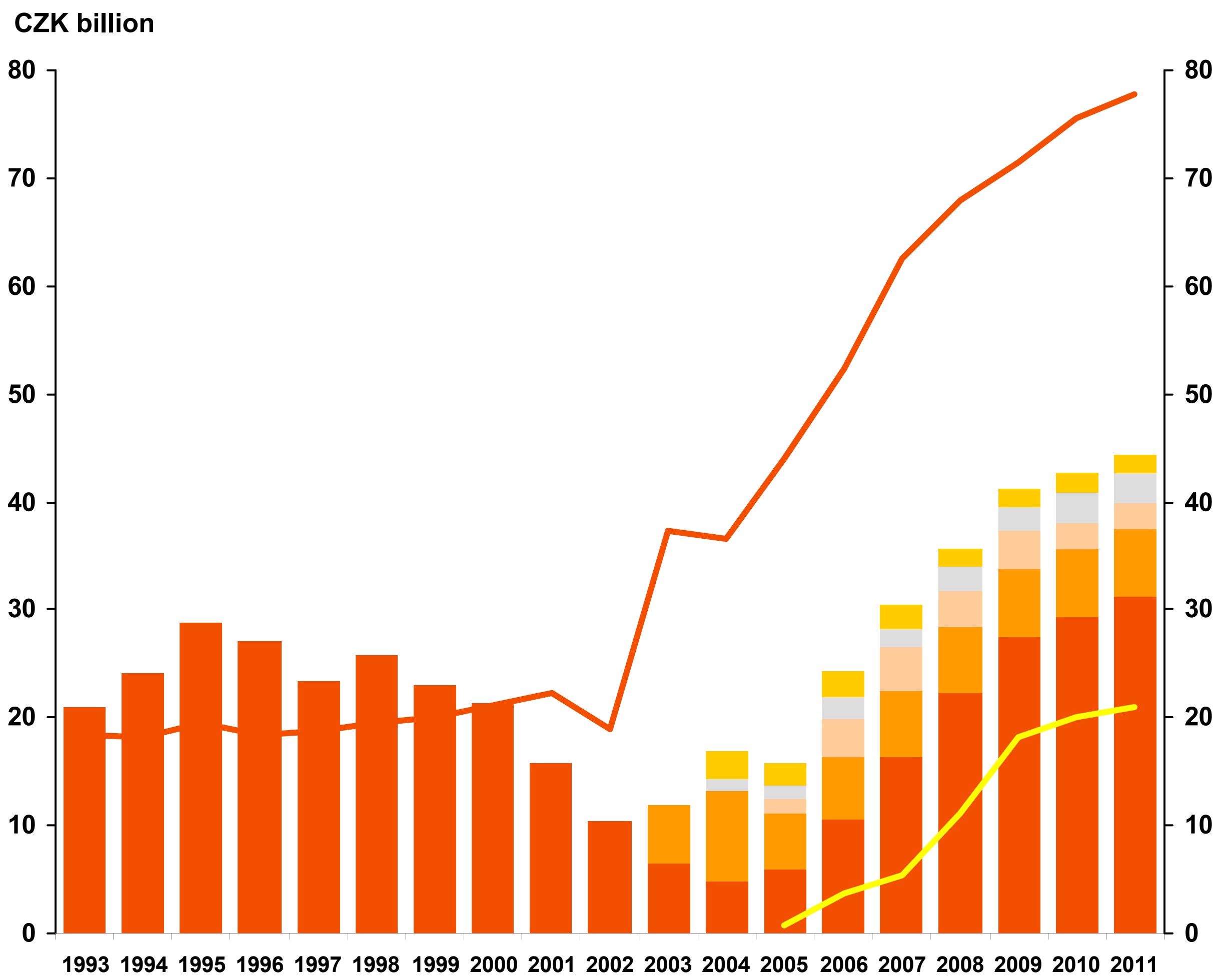


Additional borrowing capacity by 2009:

~ 4bn EUR

- Additional borrowing capacity may be used to finance recent acquisitions
- CEZ management committed to reach optimal capital structure

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



Net cash provided by operating activities

Other

2006
- CZK 1.3 bn – IT – CEZ Data, sro
- CZK 1.1 bn - other

Mining

2006
- CZK 2.0 bn –SD, a.s.

Distribution and sales - foreign

2006
- CZK 1.5 bn – Electrica Oltenia
- CZK 2.1 bn – Bulgaria

Distribution and sales – domestic

2006
- CZK 5.8 bn – ČEZ Distribuce, a.s.

Generation and trading

Out of that: Lignite portfolio renewal CAPEX

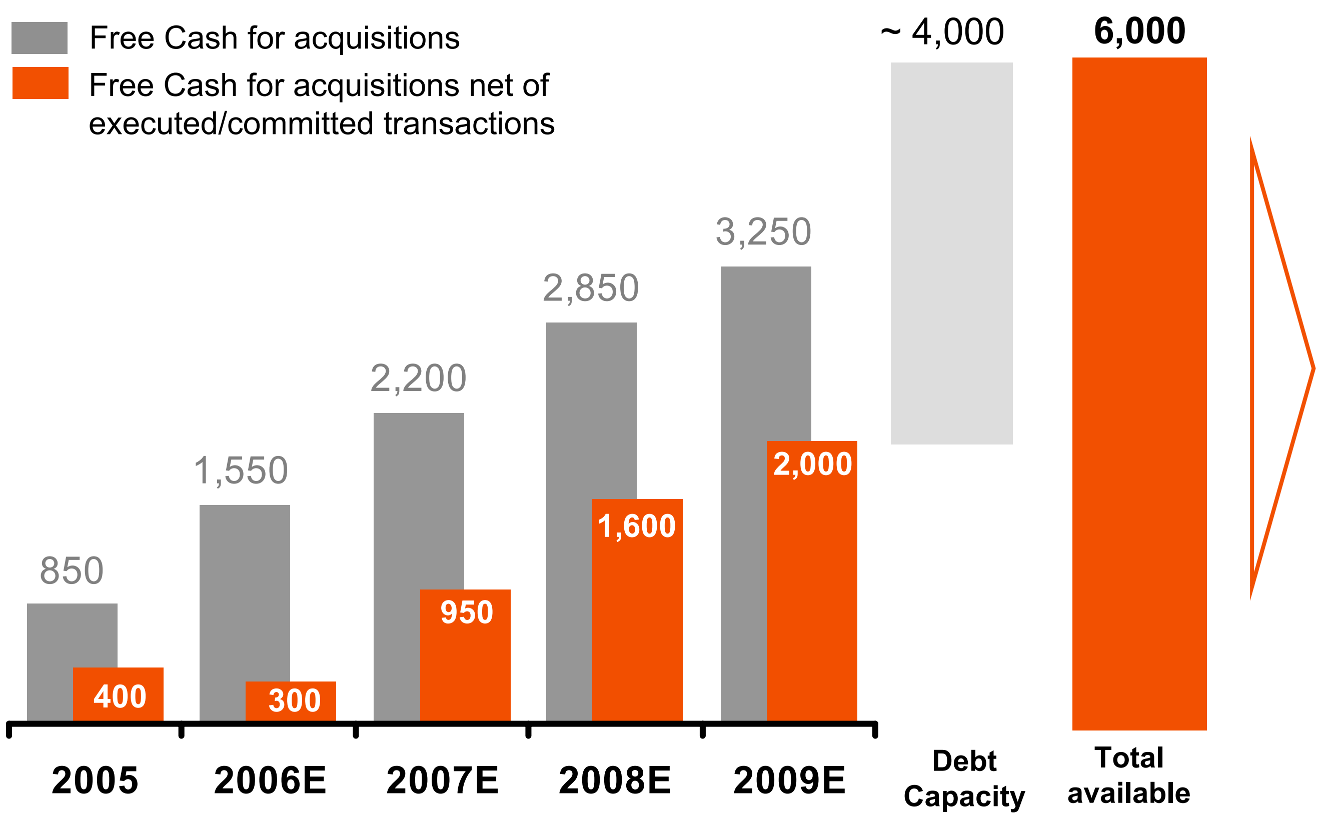
2006
- CZK 3.7 bn – lignite portfolio renewal
- CZK 3.5 bn – nuclear power plants
- CZK 2.2 bn – nuclear fuel and provisions
- CZK 0.5 bn – capitalized interest
- CZK 0.6 bn -other

Note: Please note that starting 2004 data reflect full consolidation of Severoceske doly; also the current structure of segments is applied from 2004 only

Source: CEZ

CEZ GROUP HAS VERY STRONG FREE CASH-FLOW THAT COMBINED WITH ADDITIONAL BORROWING CAPACITY CAN BE USED TO FINANCE INTERNATIONAL GROWTH UP TO EUR 6.0 BILLIONS

Free cash flow of CEZ Group (cumulative)
EUR million



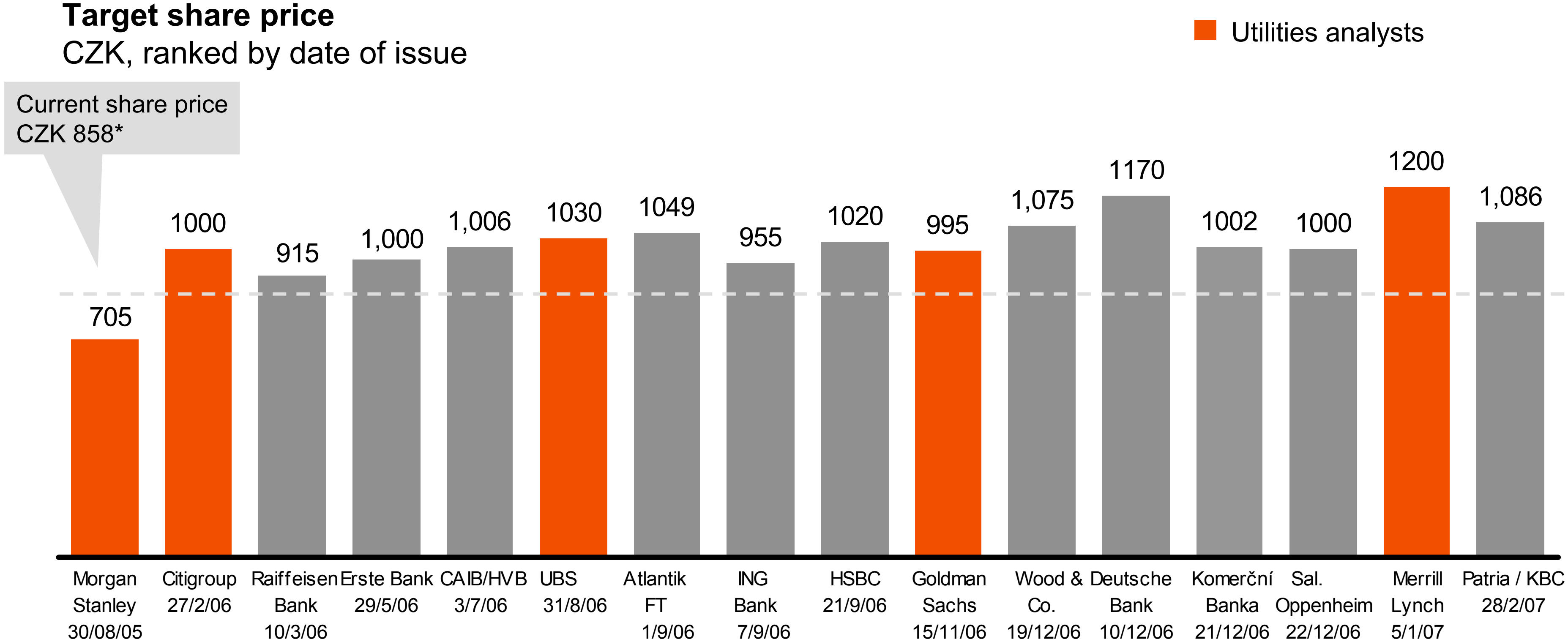
CEZ Group can finance foreign acquisitions in the next 3-5 years from free cash flow up to EUR 6,000 millions without impacting

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

Source: CEZ

ANALYSTS MAINTAIN POSITIVE VIEW ON CEZ GROUP PERFORMANCE

Target share price
CZK, ranked by date of issue



Recommendation:

buy buy buy buy buy buy buy buy buy buy hold buy hold buy buy buy

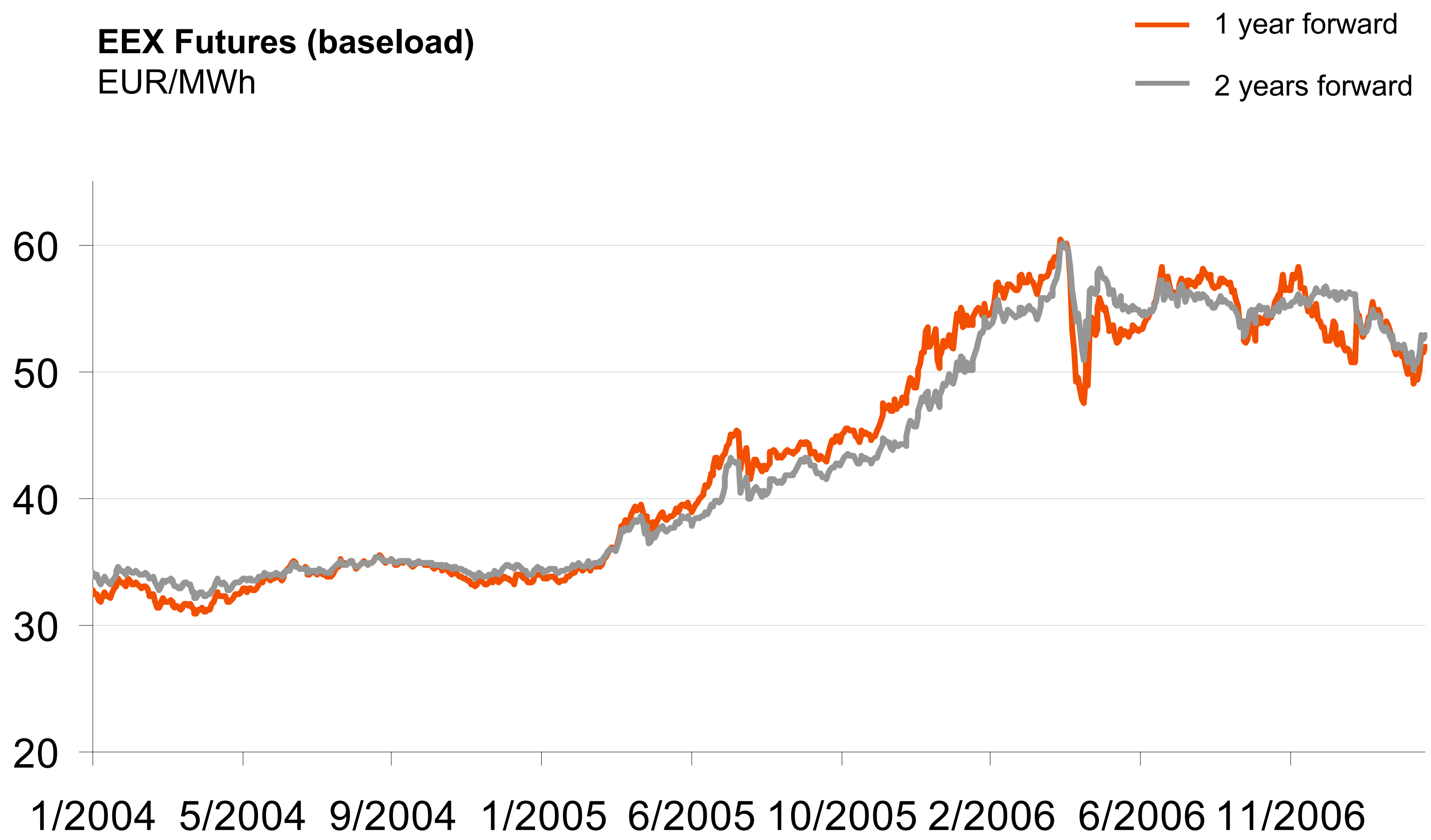
* February 28, 2007
Note:Some of the analysts use different rating for recommendations and/or apply different meaning to target price

Source: Analyst reports

AGENDA

GERMAN POWER PRICES AS BENCHMARK FOR THE REGION CONTINUE INCREASING

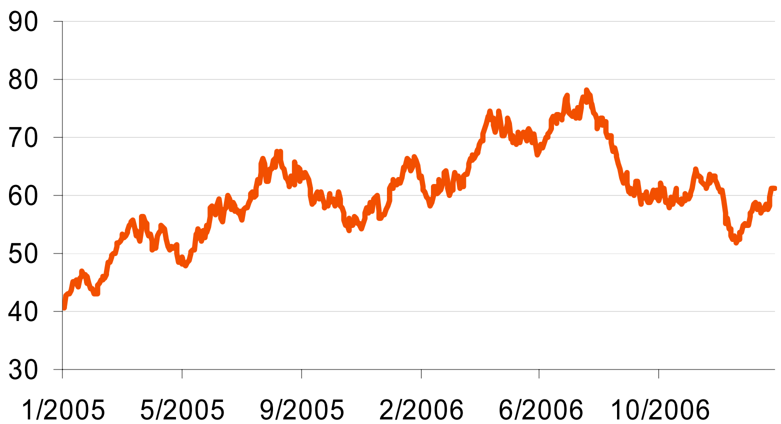
EEX Futures (baseload)
EUR/MWh



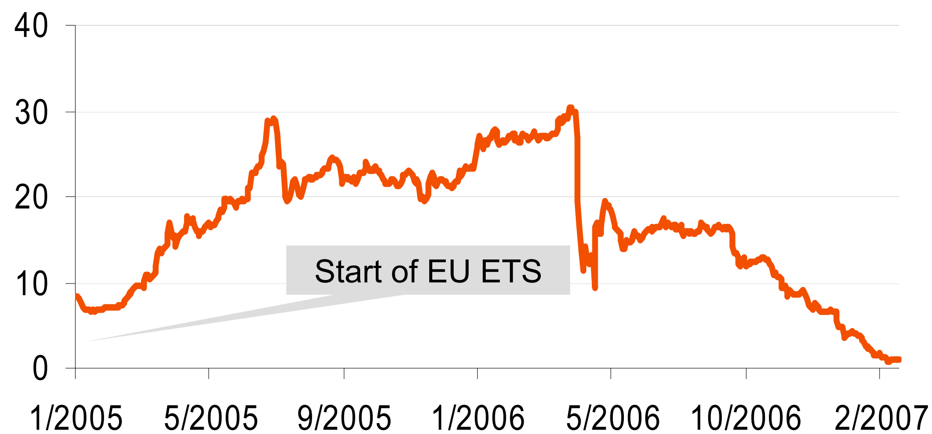
Source: EEX

GERMAN PRICES ARE DRIVEN BY GROWING OIL PRICES, CO_2 ALLOWANCES AND SUPPLY DEMAND SQUEEZE

Brent oil
USD / bl



CO_2 allowances
EUR/t



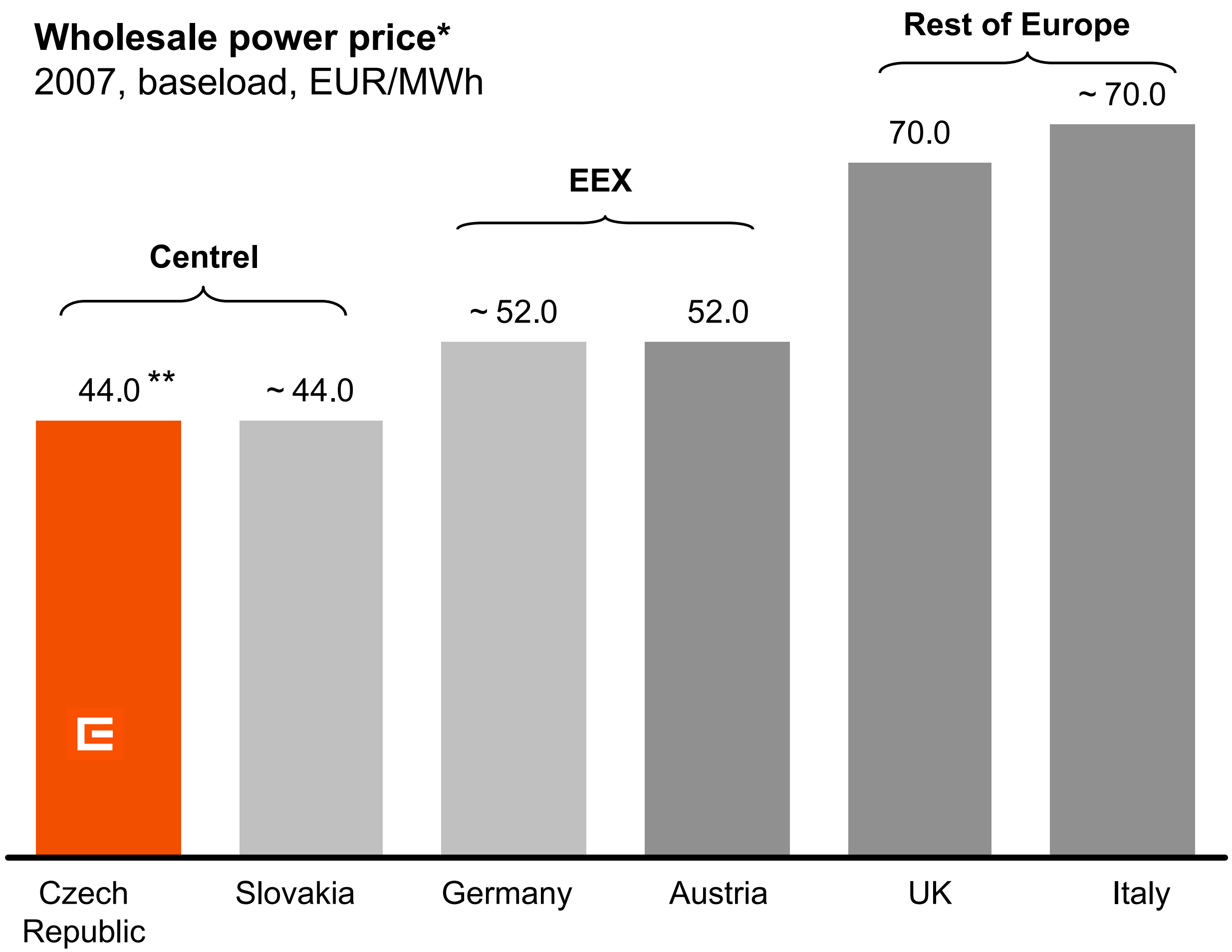
Additional factor

Supply / Demand Squeeze

- CO_2 allowances were distributed to emitters for free in volume believed to be lower than required
- Market price of CO_2 allowances reflects the extra costs of emissions saving (fuel switching, new technologies, …)
- Market price of CO_2 de facto represents additional variable (opportunity) cost

Source: Bloomberg, ECX

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



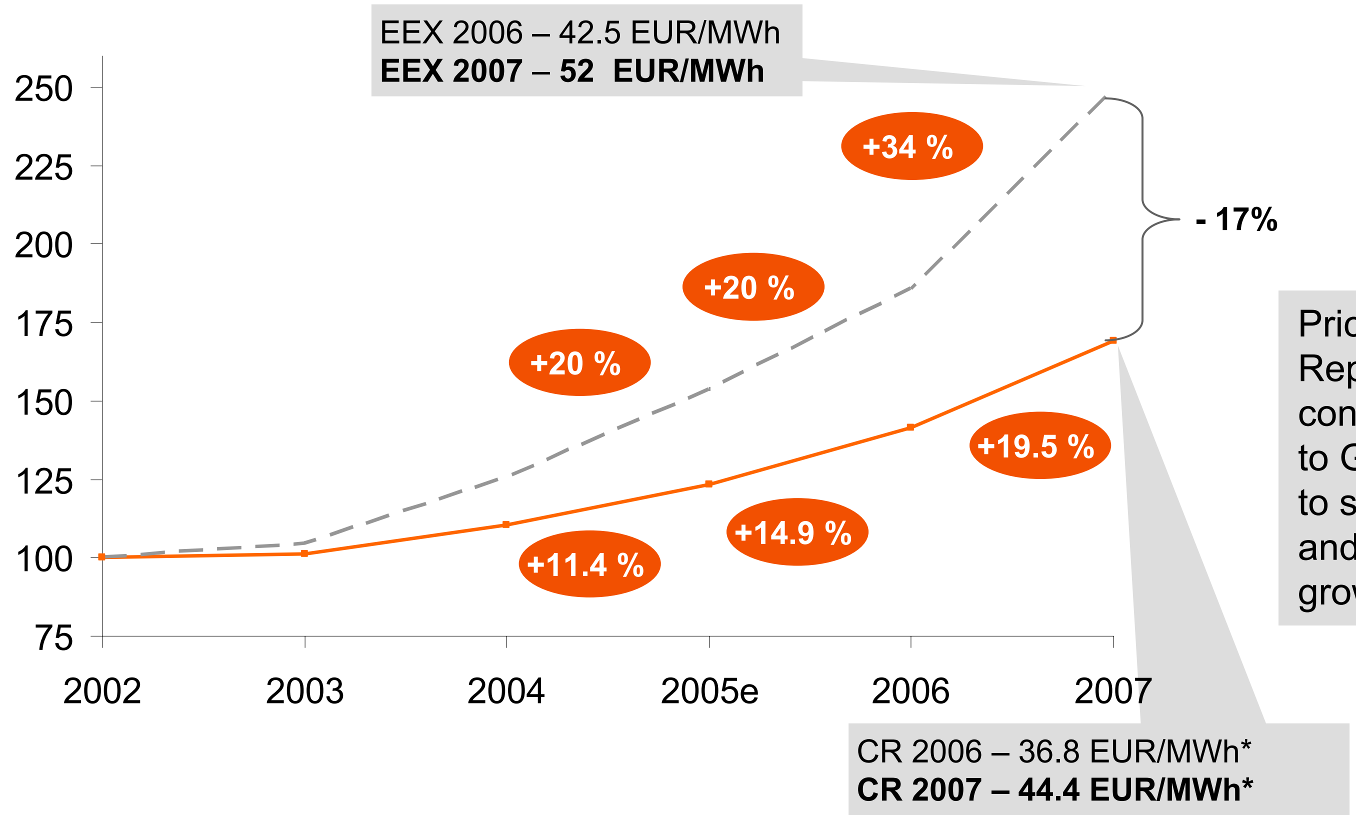
* Comparing 2006 forward price as of 2005, assuming CZK/EUR 28.30, GBP/EUR 1.48

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

Source: CEZ, EEX, TFS, press

CZECH WHOLESALE PRICES ARE LINKED TO INCREASING GERMAN PRICES

Wholesale power price (baseload)
2002 index



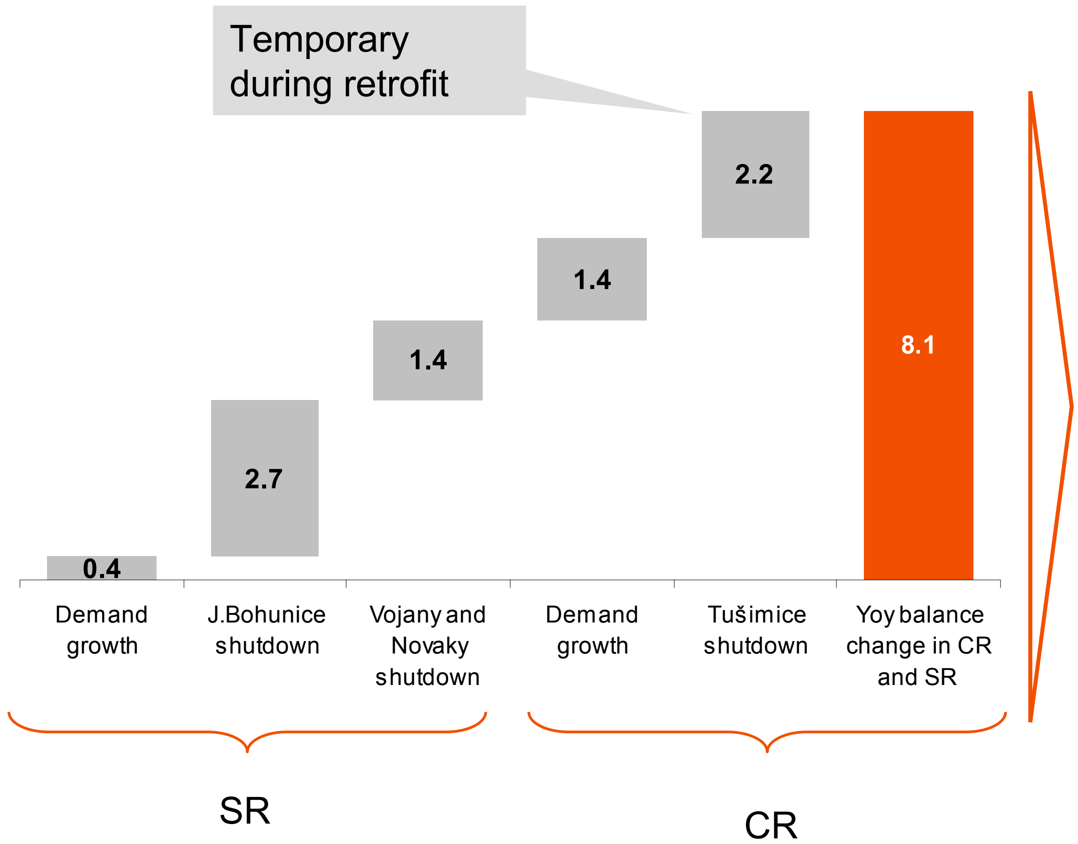
Price in the Czech Republic will continue increasing to German levels due to shortening supply and fast demand growth in the region

* Exchange rate CZK / EUR 28.00

Source: CEZ

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

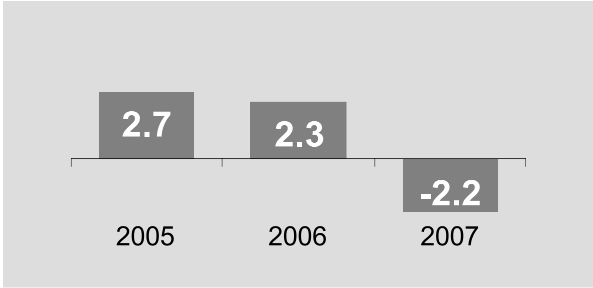
Yoy change of power balance in CR and SR
TWh



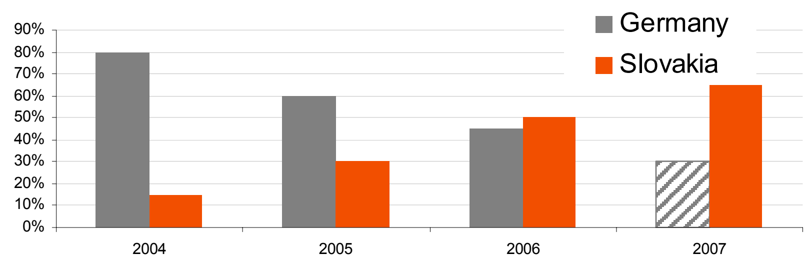
- Elimination of deficit of >8 TWh (approx. 11% CR demand) possible only via
  - imports or
  - initiation of expensive units (till now reserved)
- Both will have a strong impact on regional wholesale price development

CEZ WILL MOVE MOST OF ITS EXPORTS TO SLOVAKIA AND HUNGARY

Slovak import / export power balance



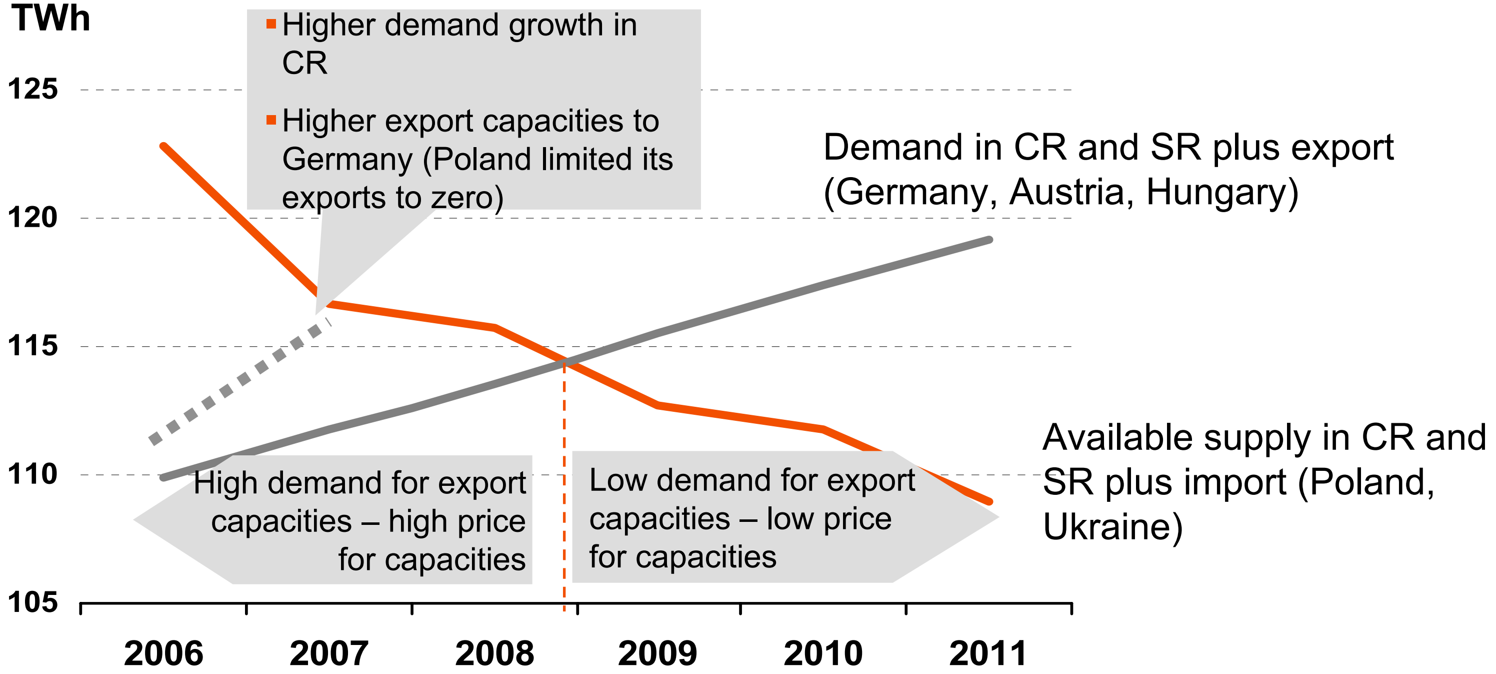
CEZ´s power export structure in %



Export TWh	20	16	14	14

EXPORT CAPACITIES PRICE SITUATION INDICATES THAT SUPPLY DEMAND DEVELOPMENT WILL EXCEED THE 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
TWh

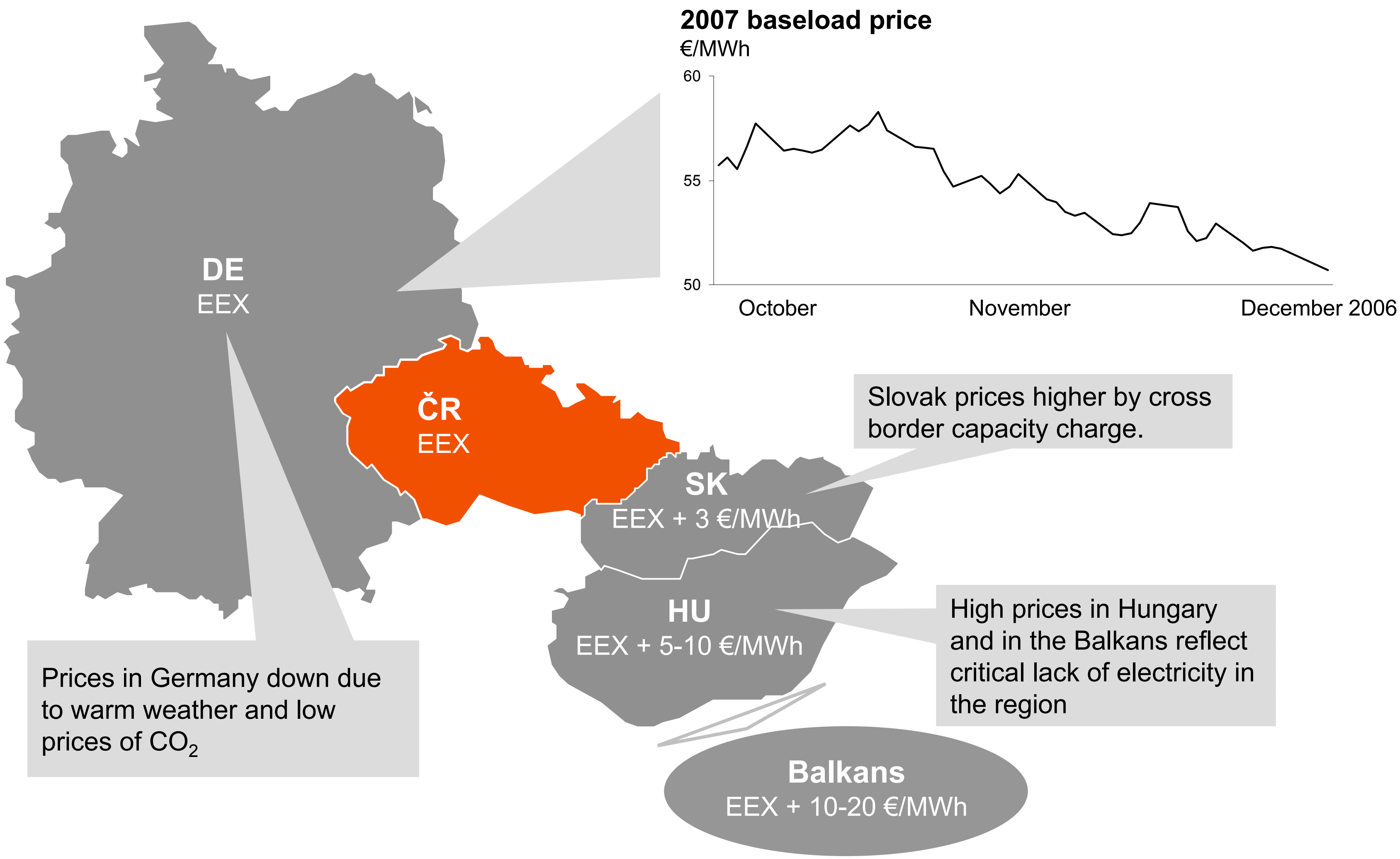


- Starting 2008/9 Czech export capacities will not be fully utilized due to lack of available electricity
- Prices will converge to one level determined by EEX

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

Source: CEZ

PRICES EAST OF CZECH REPUBLIC ALREADY ABOVE CZECH AND GERMAN LEVELS



Source: CEZ; EEX; press

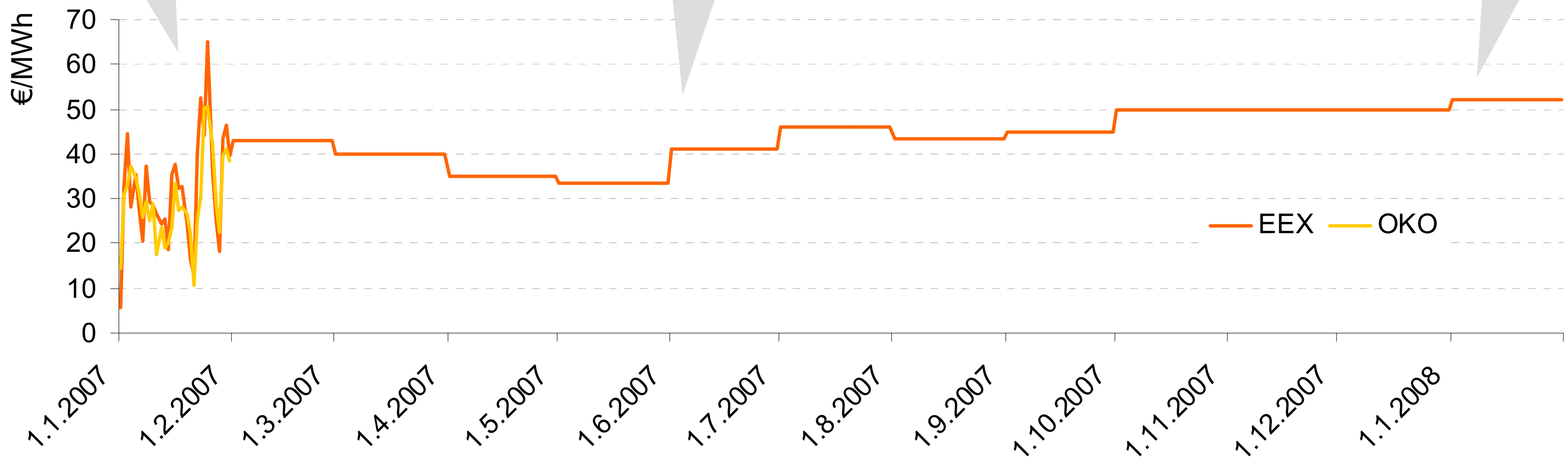
CURRENT DEVELOPMENT OF THE SHORT TERM MARKET IS IMPACTED BY WARM WEATHER AND LOW PRICE OF CO_2 (2007)

Prices in the short term market are low

- **January was 6.1ºC above normalized temperature, 9.5ºC above last January**
- **Enough wind generation**
- **Low CO_2 price (currently < 2 €/t)**

It can be expected that if current trends continue hydro generation will be low in the spring and in case of a warm summer prices will return to higher levels.

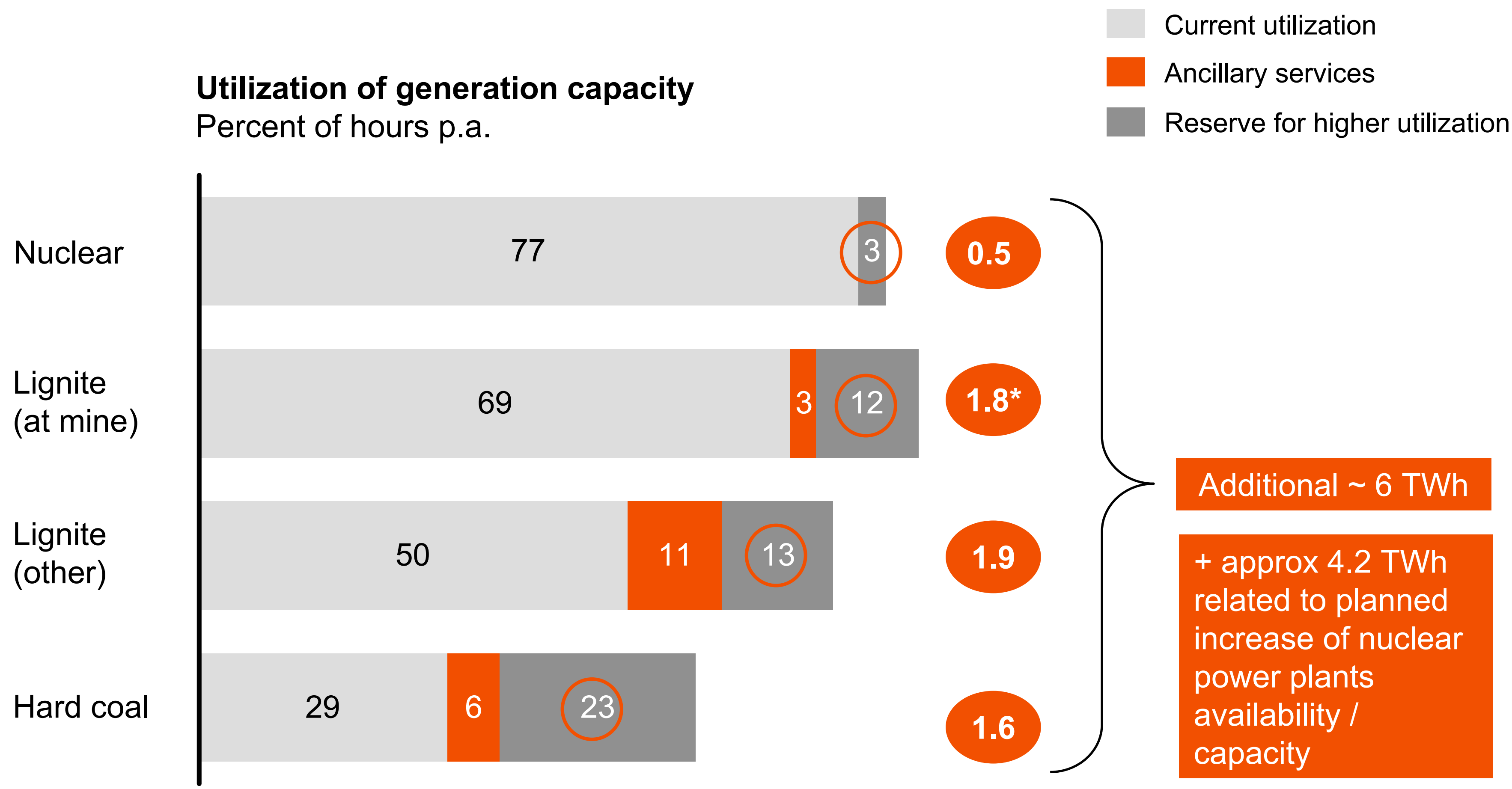
2008 prices in Central Europe range around 52 €/MWh on price of CO_2 at 15 €/t. Market awaiting results of NAP II allocation.



Source: CEZ, EEX

CEZ CAN GENERATE ADDITIONAL ~ 6 TWh BY INCREASING UTILIZATION OF MAINLY COAL PLANTS

Utilization of generation capacity
Percent of hours p.a.



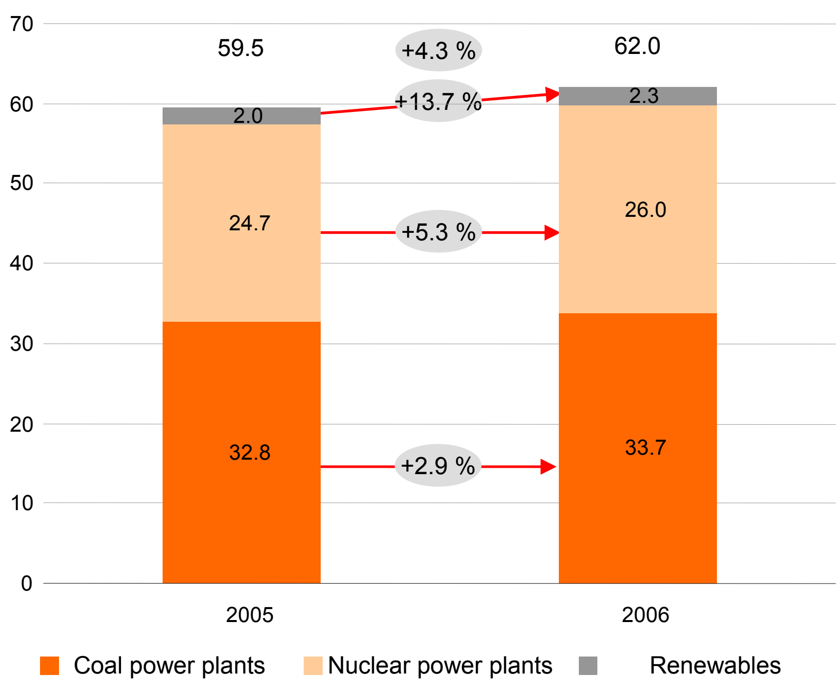
* Adjusted for temporary decrease of available capacity by approx. 2.2 TWh During Power Plant Portfolio renewal – retrofits

Source: CEZ

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

Generation of CEZ, a. s. (brutto)

(TWh)



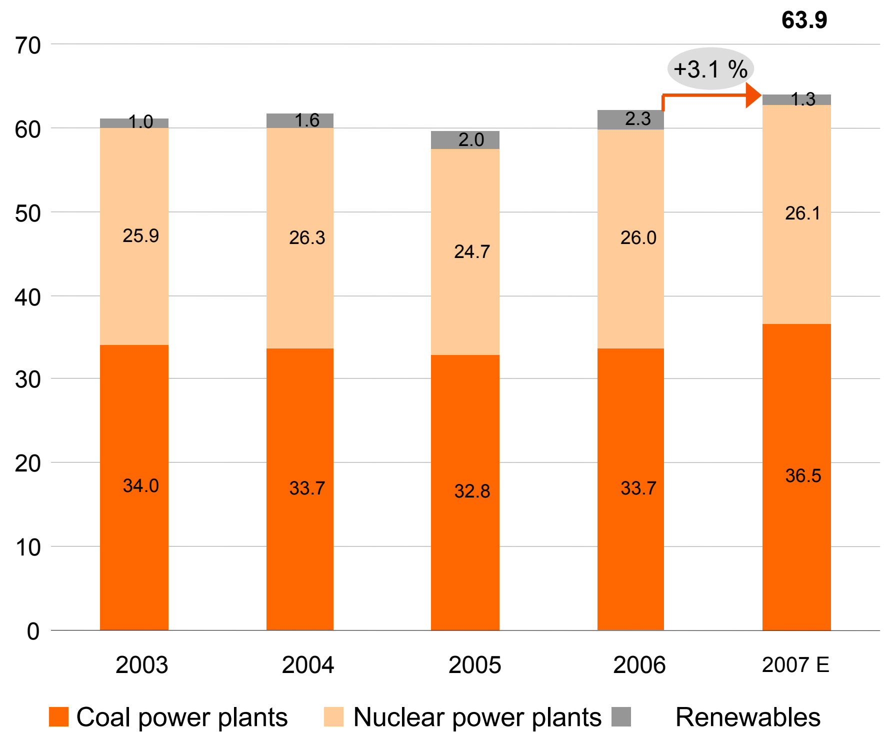
- Domestic demand increased by 2.9 % (3.1 % on temperature adjusted basis)
- Nuclear power plants increased generation volume compared to 2005 (Temelin by 9.4 %, Dukovany by 2.1 %)
- Nuclear Power Plant Dukovany reached record high volume of 14 TWh
- Generation in renewables increased by 14 %

Source: CEZ

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:

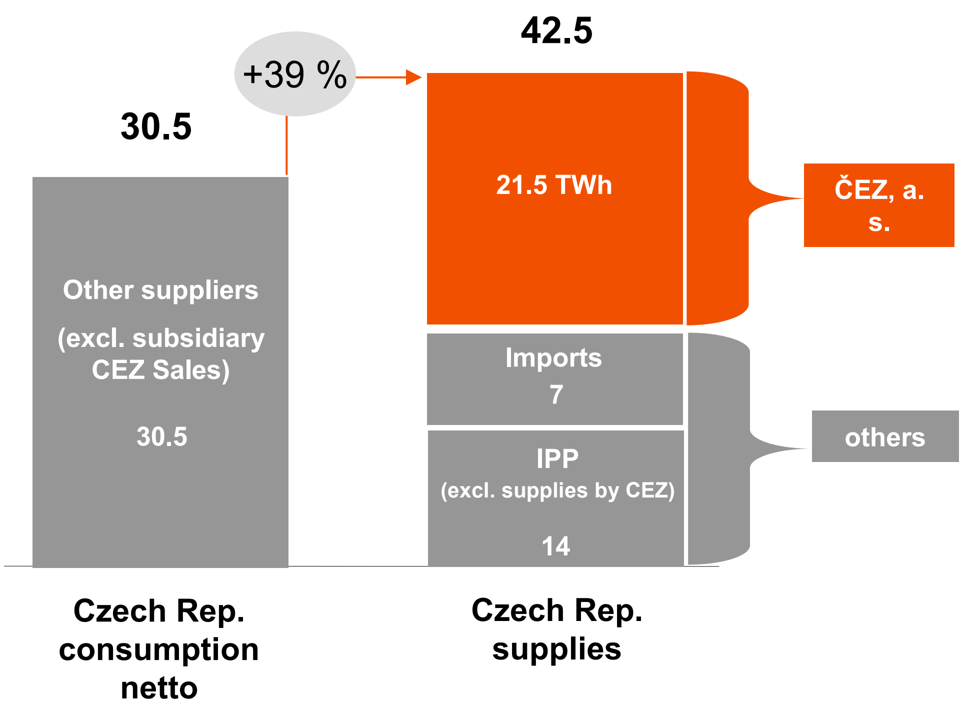
- Temporary decommissioning of Tušimice (since 06/2007) due to start of Plant Portfolio Renewal program
- Additional refueling outage of Temelin´s 1st unit (Q1/2007)

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

Source: CEZ

CEZ POWER AUCTIONS EXPANDED OFFER FOR SUPPLIERS TO END CUSTOMER IN THE CZECH REPUBLIC, SALES ON ENERGY EXCHANGE TO DOMINATE IN 2008

Expected saturation of Czech demand in 2007
(TWh)



- 2008 sales – further strengthening of market principles – besides auctions by independent auction office there will be exchange platform (Prague Energy Exchange).
- CEZ is ready to support the energy exchange project and act as a market maker.
- We expect continuous liquidity growth and market standardization in the region (standardization of products, definitive cancellation of long term transit contracts, starting intraday trading on the borders).
- We assume broader acceptance of EFET framework agreements, which are standard in European power trading.

AGENDA

CEZ GROUP HAS LAUNCHED FOUR KEY STRATEGIC INITIATIVES TO ACHIEVE IT'S VISION

TO BE
THE LEADER IN POWER MARKETS
IN CENTRAL AND SOUTHEASTERN EUROPE

1.
Integration and operational excellence
(2004-08)

2.
Plant portfolio development
(2007-20)

3.
M&A expansion
(2004-10)

4. Performance-oriented culture

Source: CEZ

AGENDA

CEZ UNBUNDLED DISTRIBUTION AND SUPPLY ONE YEAR AHEAD OF LEGAL REQUIREMENT…

CEZ
- Generation
- Wholesale trading
- Sales

Distribution company 5

Distribution company 4

Distribution company 3

Distribution company 2

Distribution company 1
- Wholesale trading/ sourcing
- Sales
- Distribution
- Support functions

Project Vision 2008

CEZ Group
- Generation
- Wholesale trading

CEZ Prodej
- Sales

CEZ Distribuce
- Distribution

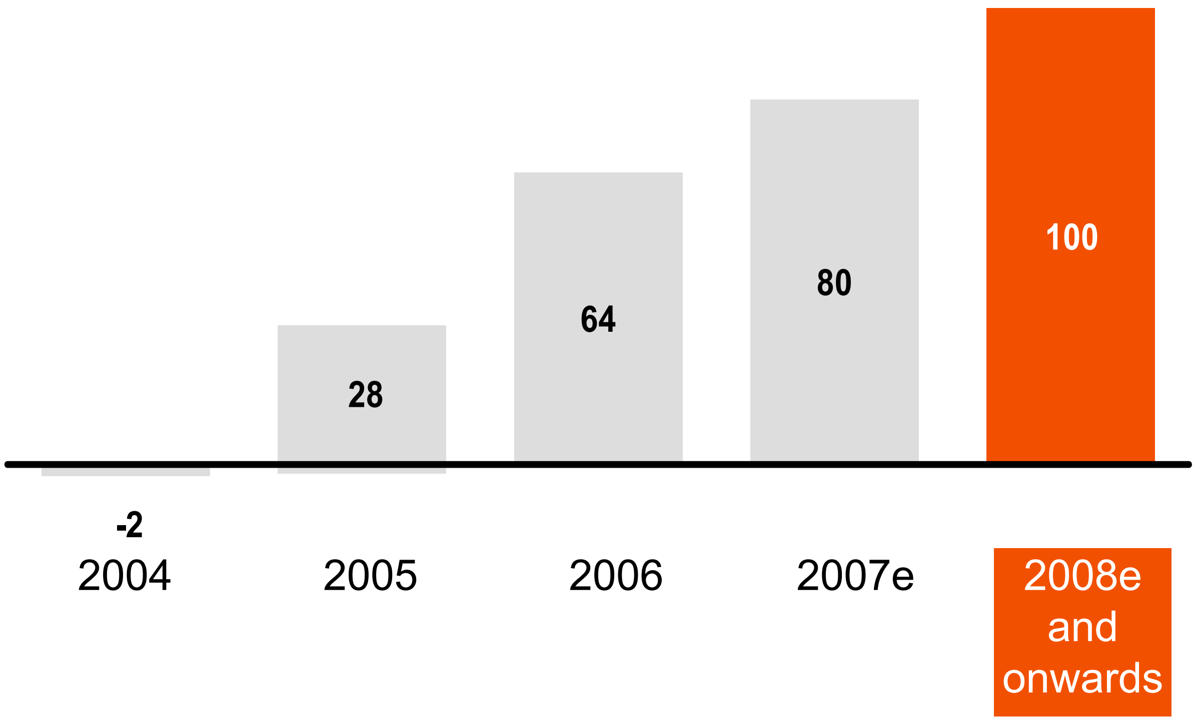
Support functions
- IT/Telco
- Procurement and logistics
- Metering
- …

Main objectives
- Restructure CEZ Group into integrated, functionally driven organization
- Implement all synergies and operational improvements
- Meet all requirements of unbundling
- Develop “Business excellence” to be replicated in foreign subsidiaries

Source: CEZ

…AND WILL ACHIEVE EUR 100 MILLIONS IN ANNUAL SAVINGS UPON IMPLEMENTATION OF VISION 2008

Gross annual costs saving
EUR million, compared to 2003



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

Key contributions

- Processes unification
- Best practice
- Headcount reduction
- Centralized procurement

Note: CZK/EUR 28.50

Source: CEZ

VISION 2008 PROJECT COVERS FOUR YEARS, KEY TRANSFORMATION STEPS HAVE BEEN IMPLEMENTED ALREADY

Initial status

CEZ

REDC 1

VISION 2008 time plan

VISION 2008

2004 Big bang	2005 Transformation	2006 Efficiency enhancement	2007 Conclusion
▪ business model ▪ first companies ▪ IS/IT concept ▪ smaller-scale improvements	▪ major part of transformation ▪ key companies – Distribution, Sales ▪ unbundling ▪ implementation of IS/IT	▪ transformation concluded ▪ best practices ▪ optimization ▪ planned benefits achieved	▪ full productivity ▪ consolidation ▪ REDCs shut down
	✓ 55 legal transformations ✓ 4,263 employees transferred to new companies ✓ CZK 68bn in fixed assets transferred		

REGULATORY ENVIRONMENT IN THE CZECH REPUBLIC IS FAIR AND TRANSPARENT

2002-04	2005-09
1st regulatory period	**2nd regulatory period**

2002-04 – 1st regulatory period

- Introduction of RPI-X regulation
- Starting values of regulation parameters defined
- Full pass-through of the wholesale price

2005-09 – 2nd regulatory period

- Regulation parameters reassessed for distribution after unbundling (WACC, RAB, allowed costs, …) – Average revenue cap of CEZ Distribution up by ~20%

- Main new factors
  - Coverage of unbundling costs EUR 10-20 million agreed
  - Revaluation of asset base (with same WACC) up potentially by ~90%

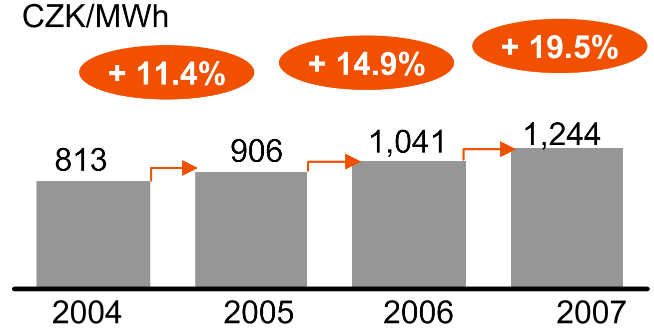
- Since January 2006 Distribution is the only regulated part of the value chain

Source: CEZ, ERU

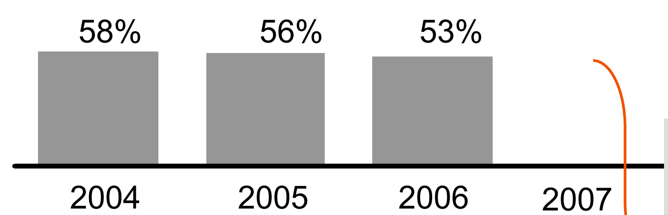
CEZ GROUP CONTINUES INCREASING SALES MARGIN WHILE PROTECTING MARKET SHARE

Distribution regions of CEZ Group

Domestic wholesale baseload
CZK/MWh



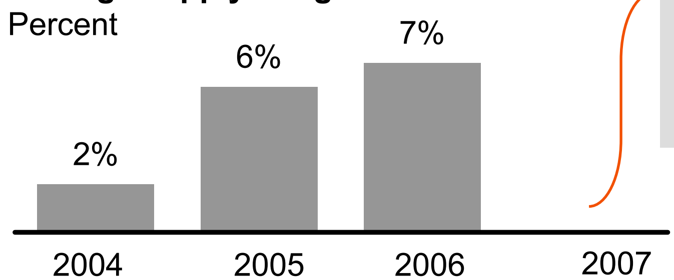
Market share in power supply
Percent of MWh



Target:

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

Average supply margin
Percent

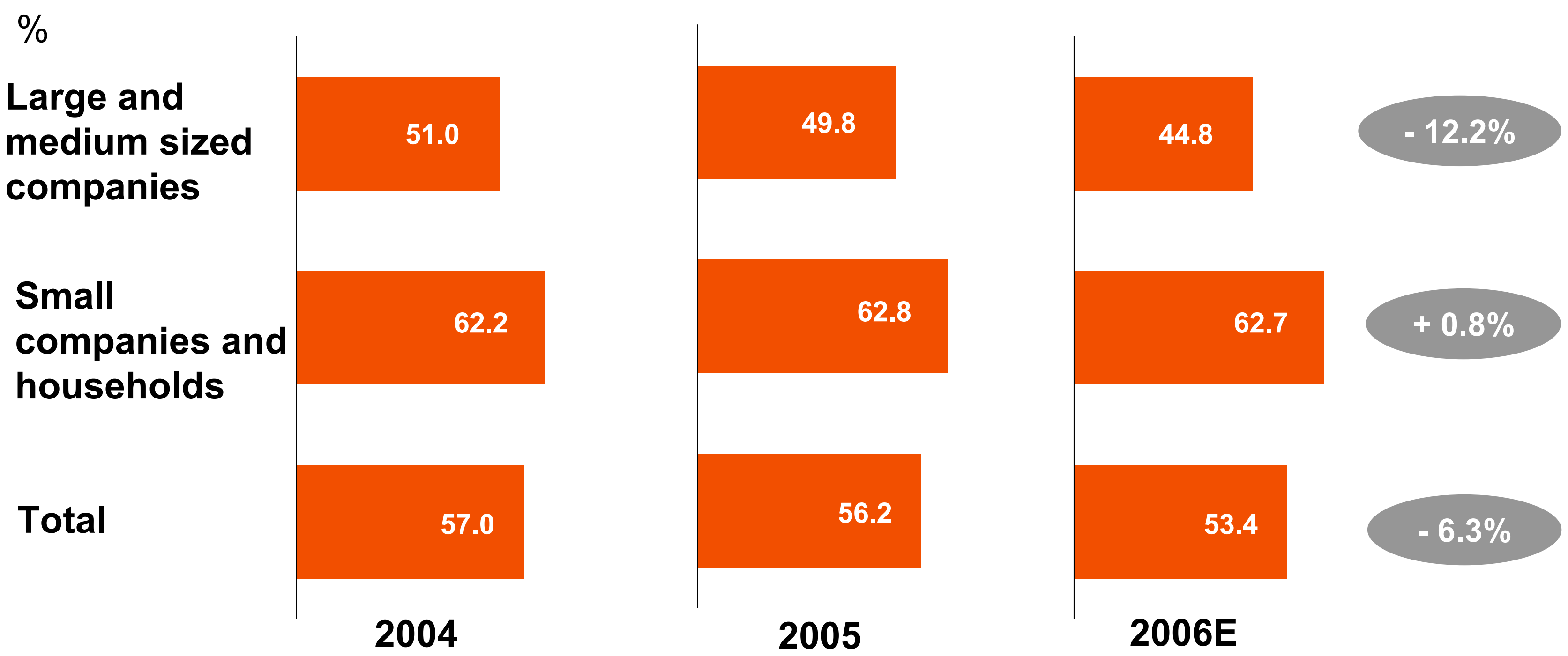


Mass–market customers still served with low margin – **upside potential**

Source: CEZ, ERU

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

Development of domestic end customer market share

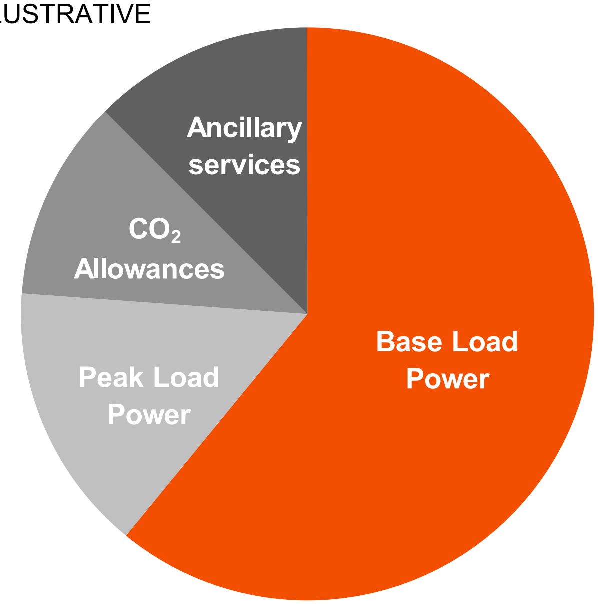


- Loss of market share did not have a negative impact on margins as these are very low in the most competitive market segment

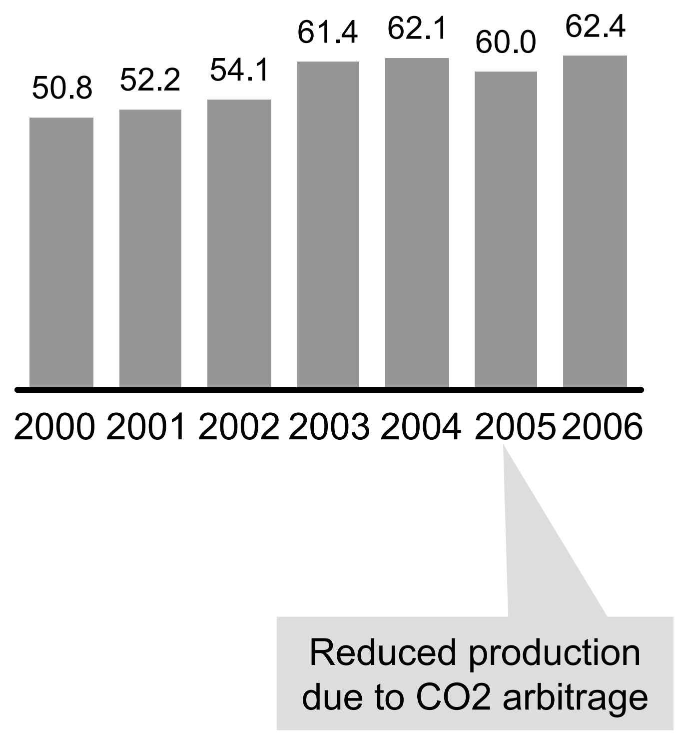
CEZ SALES STRATEGY IS FOCUSED ON MAXIMIZING WHOLESALE MARGIN GIVEN THE AVAILABLE SALES OPTIONS

Split of wholesale margin by sales options

ILLUSTRATIVE

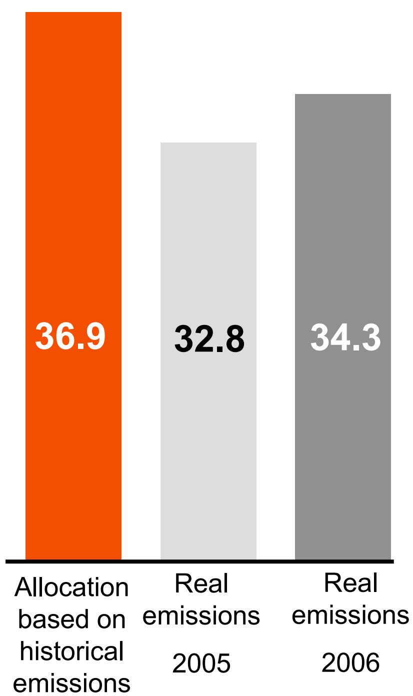


Annual production of CEZ Group
TWh



CEZ IS EARNING ADDITIONAL MARGIN FROM SAVING CO_2 ALLOWANCES

CO2 Emissions
Mil. Tons



Key measures taken

Trading

- Priority dispatch of units with low CO2 emissions
- Reduction of export

Plant maintenance

- Increased availability of nuclear plants
- Increased focus on plant efficiency
- Increased renewable generation

Measuring Management

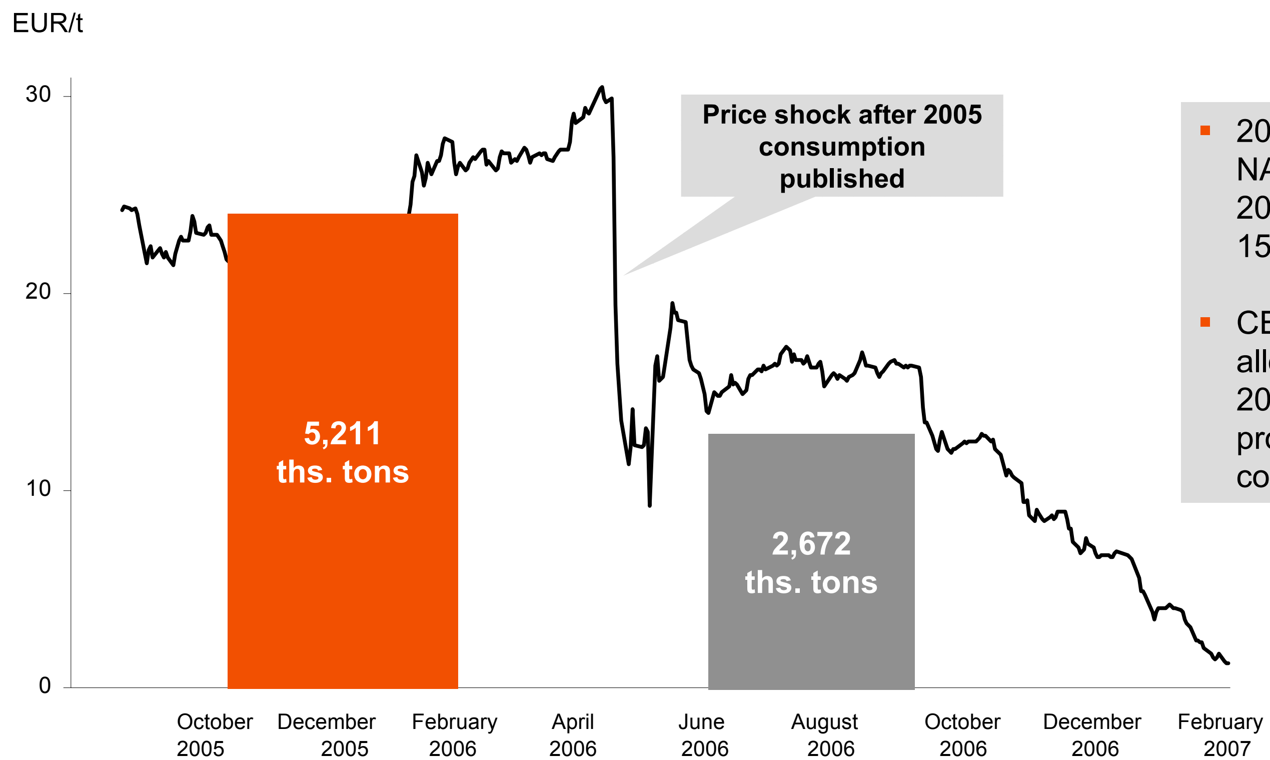
- Implementation of more accurate measurement systems
- Opportunity cost of CO2 emission considered in all decisions

- Newly consolidated Polish generators bring additional 4.6 mil. tons of CO_2 allowances while their consumption is around 4.2 mil. tons

Source: CEZ

LOW CO2 ALLOWANCES PRICE IN NAP I CAN'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 CO_2



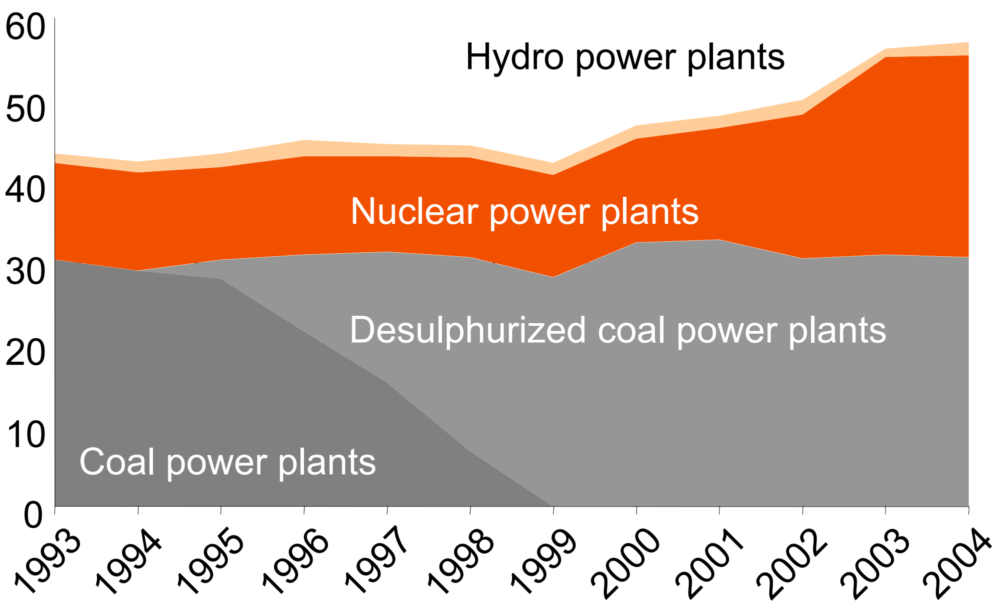
- 2008 prices depend on NAPII allocation (2008-2012) – currently trading at 15 EUR/t
- CEZ, a. s. sold all excess allowances from 2006 and 2007 (based on planned production) before the price collapse

Source: CEU, IPE/ECX exchange

AGENDA

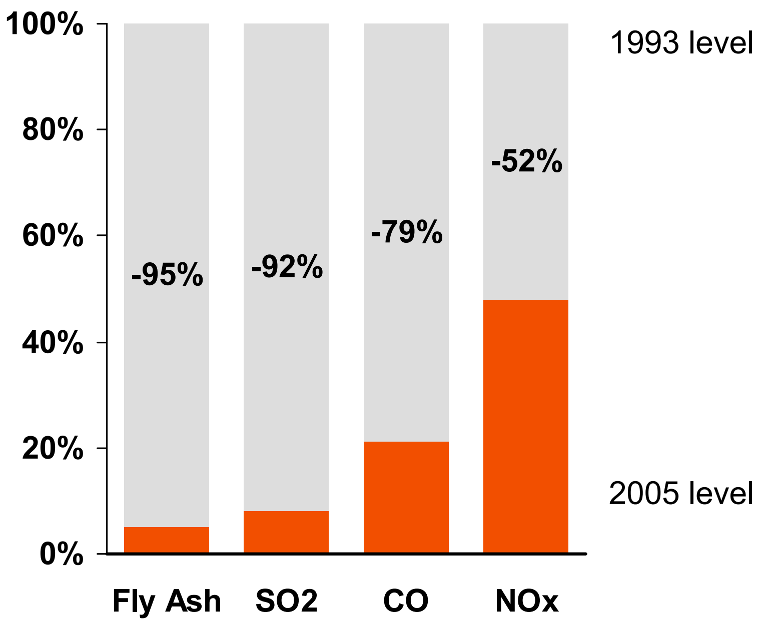
CEZ OPERATES THE ONLY CLEAN GENERATION FLEET IN CEE

Generation structure of CEZ Group
TWh



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

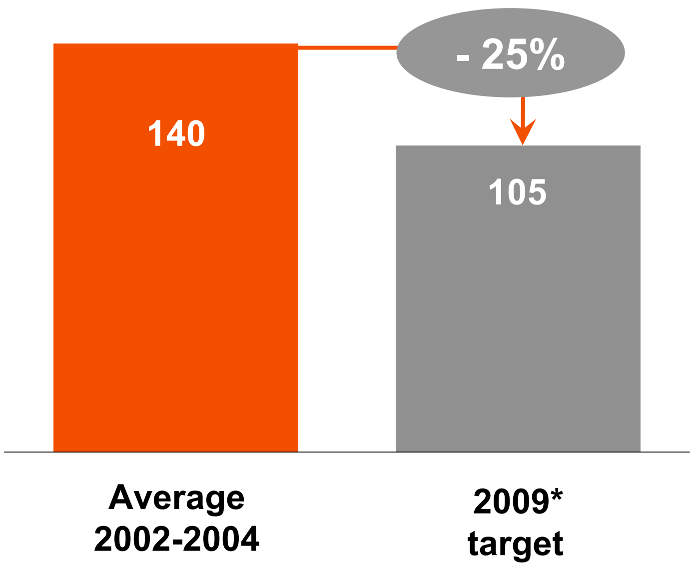
CEZ Group emission change 2005/1993
Percent



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

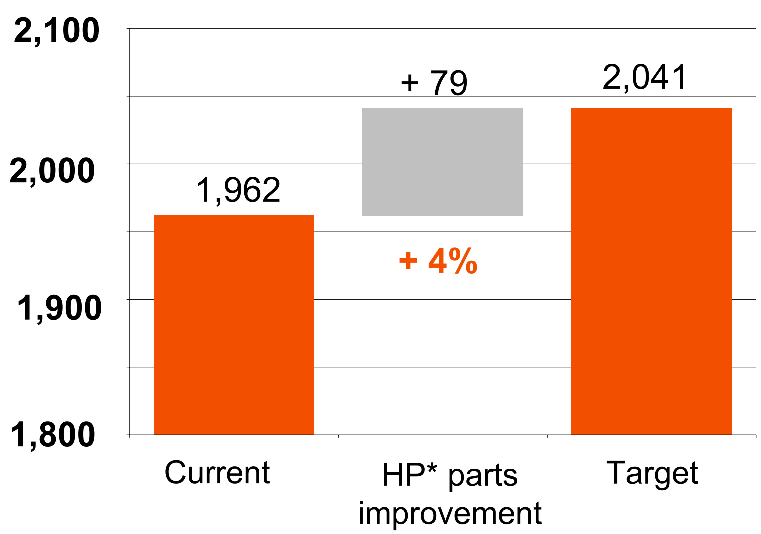
* Assuming „normalized“ R&M workload, prices not adjusted for inflation

Note: exchange rate CZK/EUR = 28.5

Source: CEZ

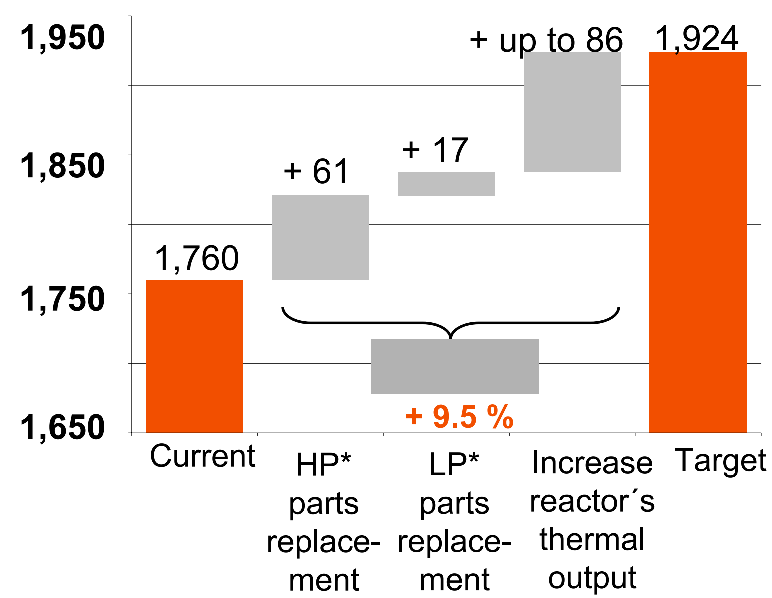
NUCLEAR CAPACITY WILL INCREASE BY 9.5% BY 2012 IN DUKOVANY AND IN TEMELIN BY 4% BY 2008

Temelin capacity increase
MW



Additional production of 0.6 TWh

Dukovany capacity increase
MW



Additional production of 1.3 TWh

Status:

Temelin:
- Project contracted
- 30 MW – 2nd unit, 1st unit – in progress

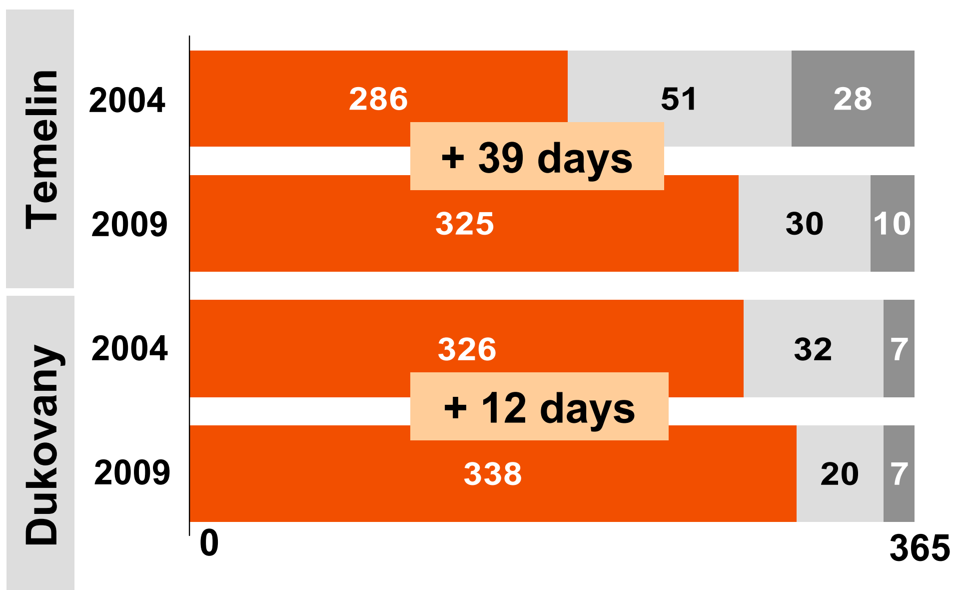
Dukovany:
- First projects already implemented and running – 2 out of 4 units
- Most tasks contracted

* HP – High Pressure, LP – Low Pressure

Source: CEZ

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

DAYS

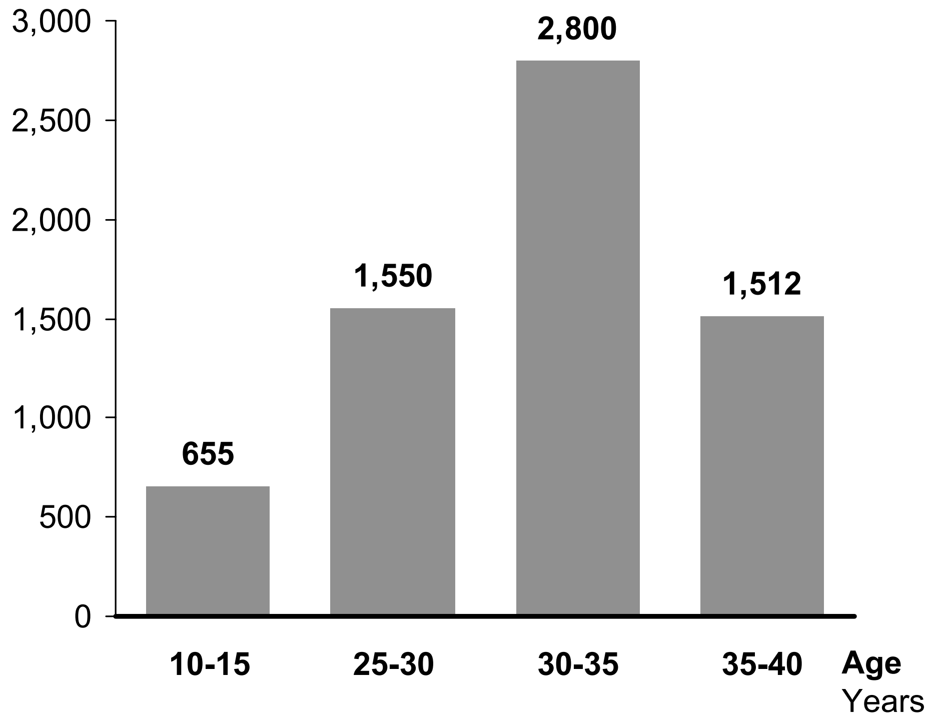


- Additional **21 days** of generation in Temelin and **12 days** in Dukovany by 2009 as a result of refueling outages reduction
- Additional 18 days of generation in Temelin due to other outages reduction

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

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

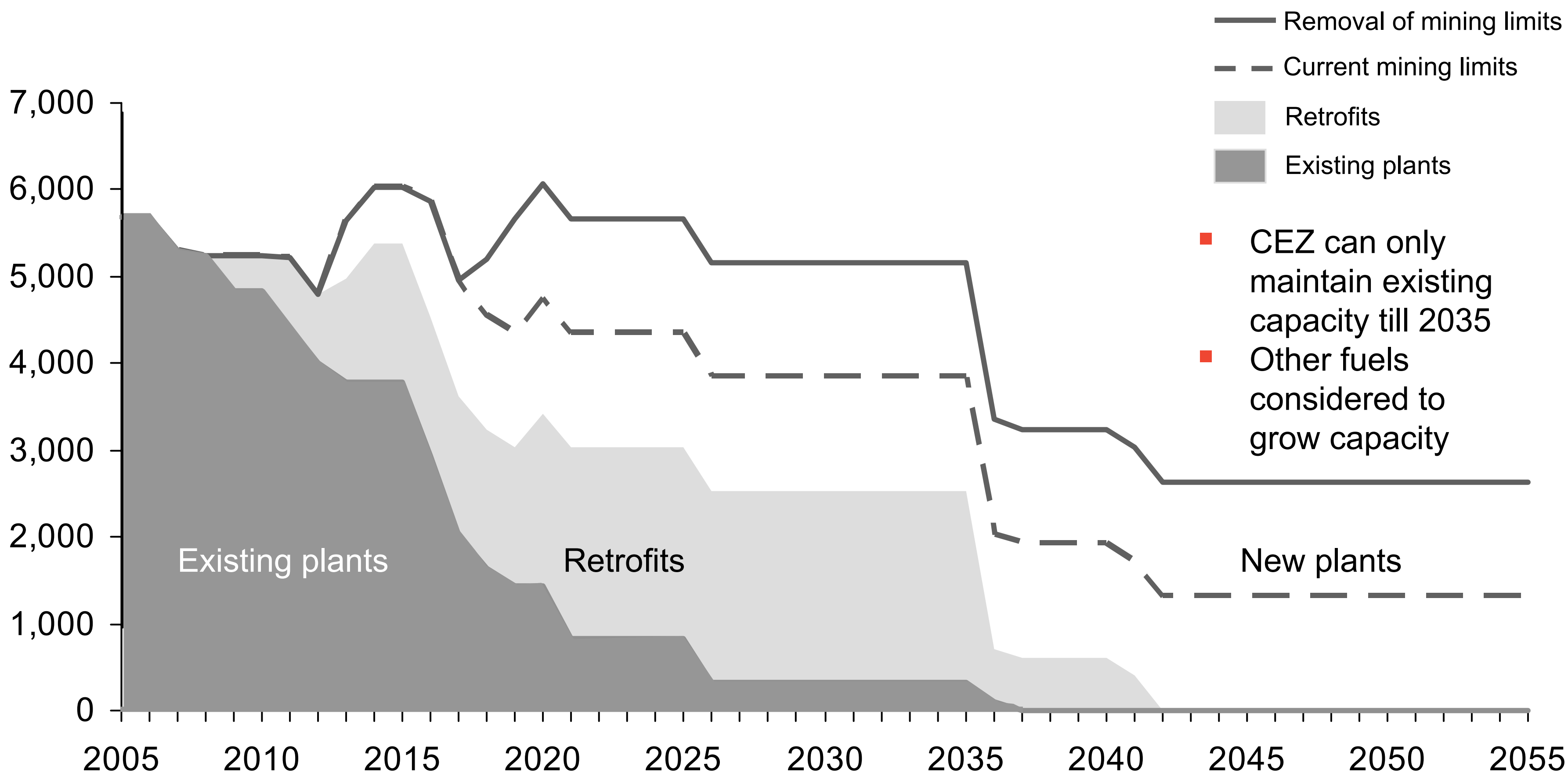
CEZ INTENDS TO BUILD ITS FUTURE PLANT FLEET MAINLY AROUND MODERN TECHNOLOGY LIGNITE PLANTS

	Coal	Nuclear	Gas	Renewables
Environ-mental impact	▪ Acceptable emissions if modern technology adopted	▪ No emissions ▪ Nuclear risk	▪ Low emissions	▪ Limited/no emissions ▪ No resources depletion
Competitive advantages	▪ Low cost of domestic lignite	▪ Politically acceptable in Czech Republic	▪ Flexibility, relatively low investment cost	▪ Public support
Risks/ constraints	▪ Lignite availability ▪ CO_2 regulation/price	▪ High up-front investment	▪ High/volatile gas price	▪ Subsidy scheme not stable
	▪ **Cornerstone of the future CEZ plant fleet**	▪ **Complement to lignite for baseload generation**	▪ **Potentially source of flexible power**	▪ **Complementary role (e.g., combined combustion of coal and biomass)**

Source: CEZ

EXPECTED DEVELOPMENT OF ČEZ‘S BROWN COAL INSTALLED CAPACITIES

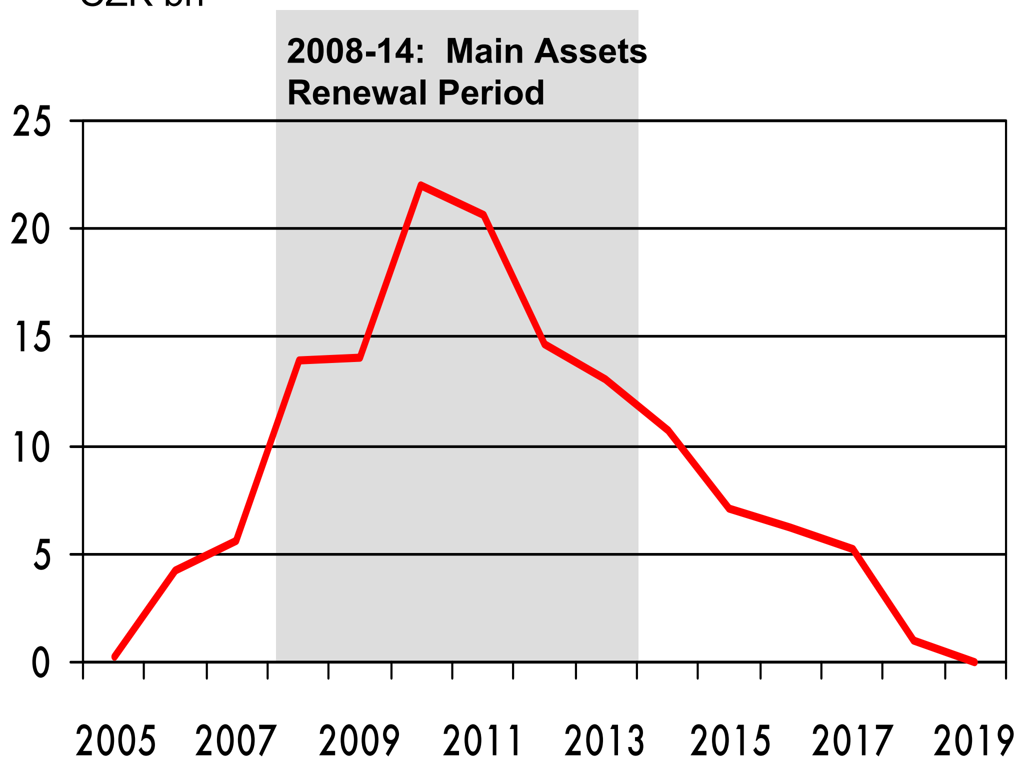
Installed capacity
MW



- CEZ can only maintain existing capacity till 2035
- Other fuels considered to grow capacity

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

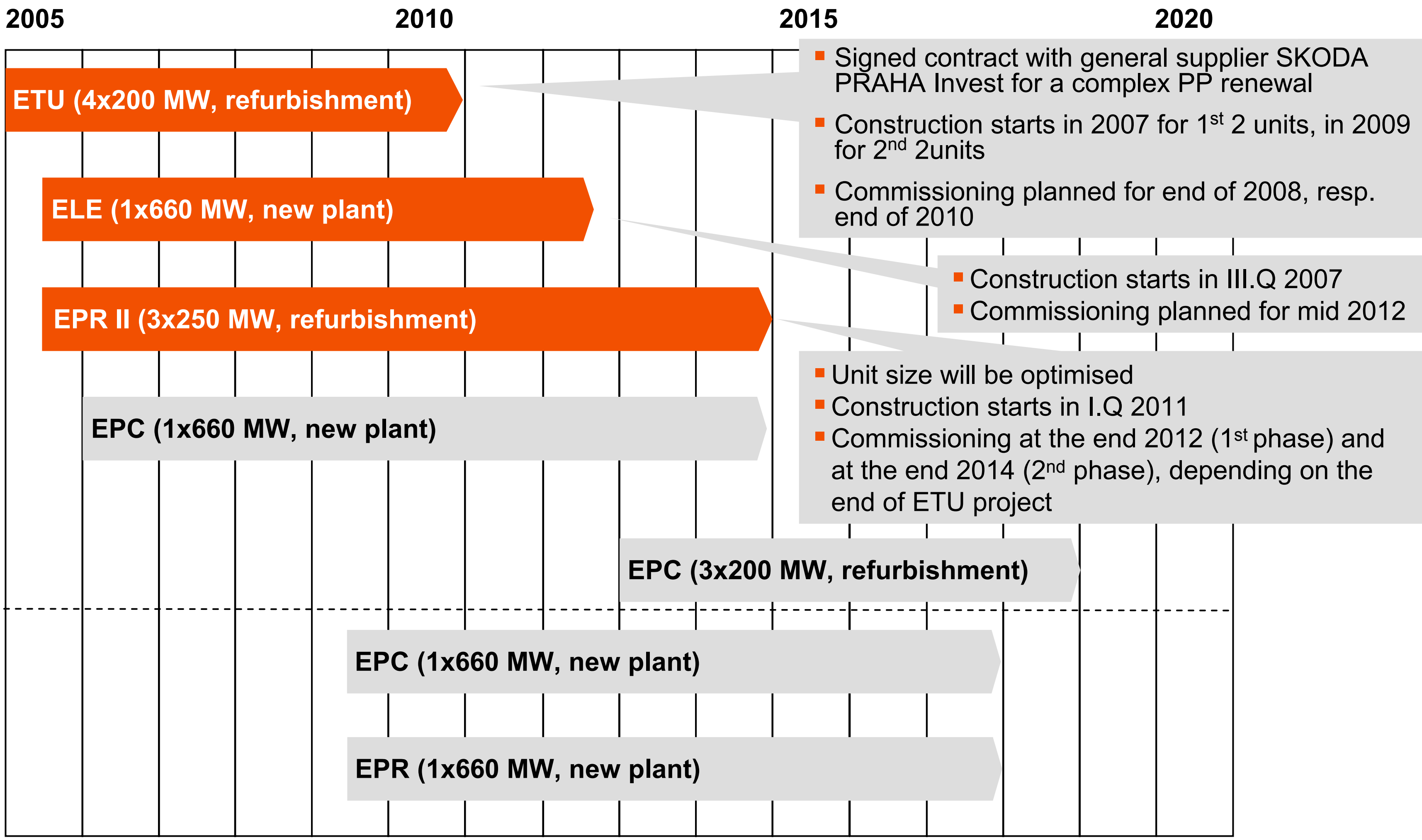
- Gross efficiency improvement from 36% to 41%
- Less CO_2 production
  - Tušimice II 4 x 200 MW
  - Prunéřov II 3 x 250* MW
  - Počerady 3 x 200 MW

New units

- Gross efficiency 45%
- Less CO_2 production
  - Ledvice 1 x 660 MW
  - Počerady 1 x 660 MW

Source: CEZ

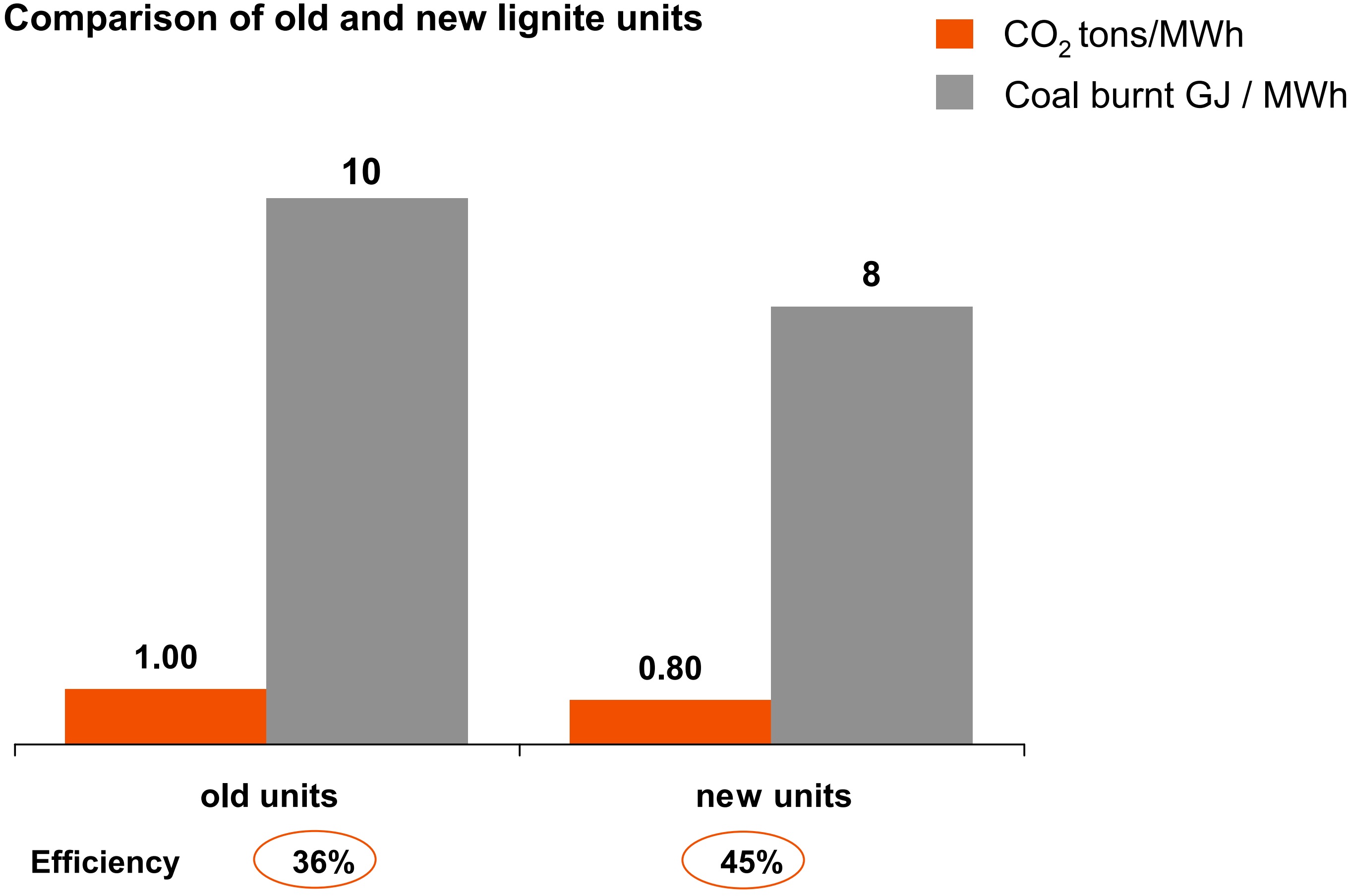
CEZ ALREADY LAUNCHED FIRST GENERATION RENEWAL PROJECTS



Source: CEZ

DUE TO HIGHER EFFICIENCY THE COAL CONSUMPTION WILL DECREASE THUS SAVING FUEL COSTS AND CO_2 EMISSIONS

Comparison of old and new lignite units



AGENDA

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

Realized acquisitions

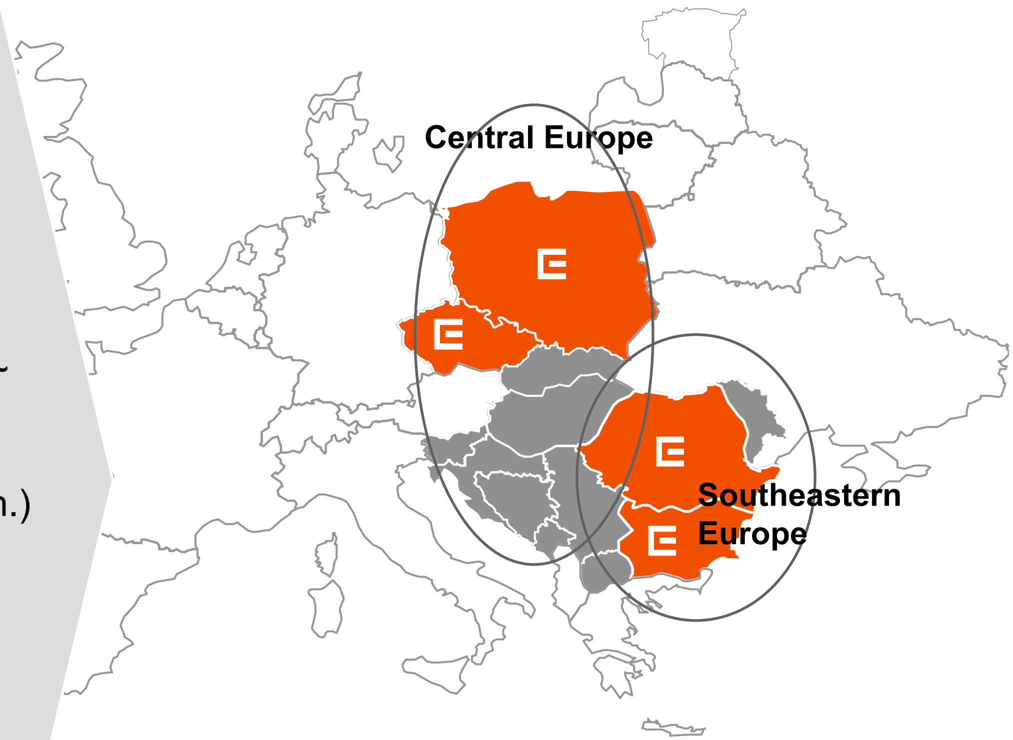
- Bulgaria (distribution) – 1.9 million cust.
- Romania (distribution) – 1.4 million cust.
- Poland (generation) – 810 MW
- Bulgaria (generation) – 1,260 MW

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

Source: CEZ

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

Source: CEZ

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

Slovakia

- ENEL finished acquisition of SE
- waiting for further development in **Teplarna Kosice** (121 MW)

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.)

Bulgaria

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

Source: CEZ, Bloomberg, Press clippings

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

Bosnia and Hercegovina

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

Serbia

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

Kosovo

- established company **New Kosovo Energy LLC**
- Submitted bid for Kosovo C development

Ukraine

- monitoring the market and analyzing other opportunities and synergies

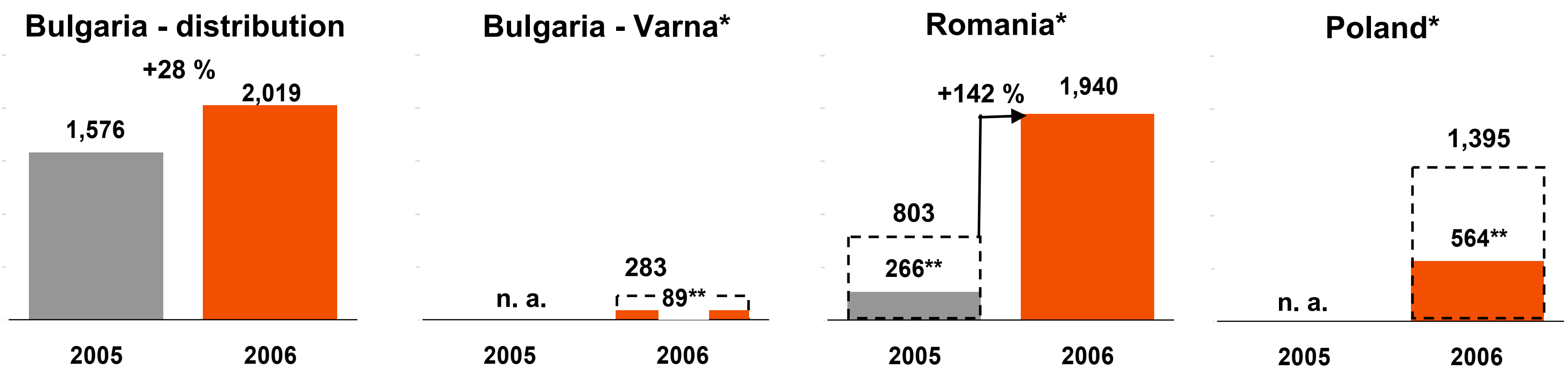
Russia

- analyzing other greenfield projects in Moscow and St. Petersburg region

Source: CEZ, Bloomberg, Press clippings

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

EBITDA (CZK m)



	Bulgaria - distribution	Bulgaria - Varna*	Romania*	Poland*
Selected 2006 results	▪ Increase of volume of electricity sold for end consumption by 2.3 % to 8.2 TWh, while decreasing distribution losses ▪ Successful preparation of unbundling – new companies, separated tariffs	▪ Generation: 3 TWh – the highest generation in last 13 years ▪ Savings in maintenance costs by 20 %	▪ Gross margin increase by CZK 507 m, with a slight loss of the market share ▪ Volume of electricity distributed to end customers 8.6 TWh	▪ Generation 2.4 ** TWh, resp. 4.1 TWh ▪ Electricity generation from biomass in power plant Skawina at 60 GWh **, resp. 80 GWh ▪ Excess CO_2 allowances sale optimization
2007 challen ges	▪ Modification of regulation framework for distribution – small increase in regulated prices ▪ Unbundling implementation (from January 3, 2007) ▪ Savings in investments and operating costs	▪ Generation increase to 4 TWh, securing fuel ▪ Investments into clean generation ▪ Integration with other acquisitions in Bulgaria and operating costs savings	▪ Unbundling implementation (from July 1, 2007) ▪ Finalization of integration process and cost savings (using the experience from the Vision 2008 in the Czech market)	▪ Solution of long term agreements (ELCHO) ▪ Increase in generation from biomass and in heat sales in Skawina ▪ Maintenance costs savings ▪ Environmental investments

**) dotted line for the whole year; fully only from acquisition date – included in the consolidation of CEZ Group*

***) impact on consolidated results from acquisition date*

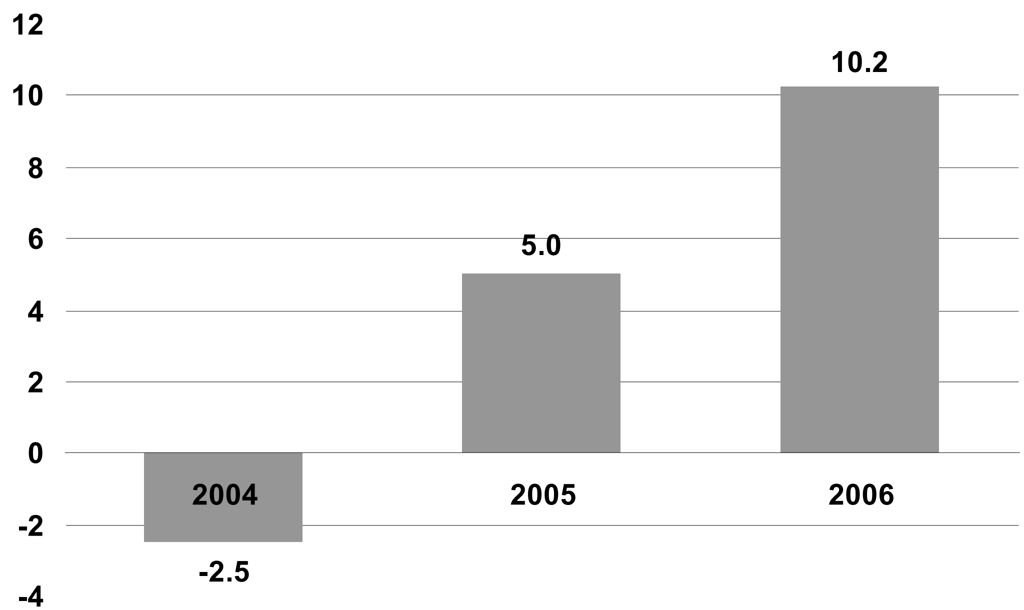
AGENDA

MAIN RESULTS FOR 2006 AND 2007 GUIDANCE

- **EBITDA** increased y-o-y by 28 % to CZK 64.3 bn, increase by CZK 14.2 bn
- **EBIT** increased y-o-y by 36 % to CZK 40.1 bn (by CZK 10.7 bn)
- **Net Income** increased y-o-y by 29 % to CZK 28.8 bn (by CZK 6.5 bn)
- **ROE** increased y-o-y from 12.3 % to **14.9** %.
- **CEZ share price at BCPP and GPW** stood at CZK **940** on February 14, 2007
- Updated 2007 guidance: **EBITDA** of CZK 70.9 bn (+ 10 %) and **Net Income** of CZK 35.1 bn (+ 22 %)

CEZ GROUP CREATES THE BIGGEST VALUE FOR ITS SHAREHOLDERS OUT OF ALL COMPANIES AT BCPP

Y-o-y development of EVA (Economic Value Added)
CZK bn



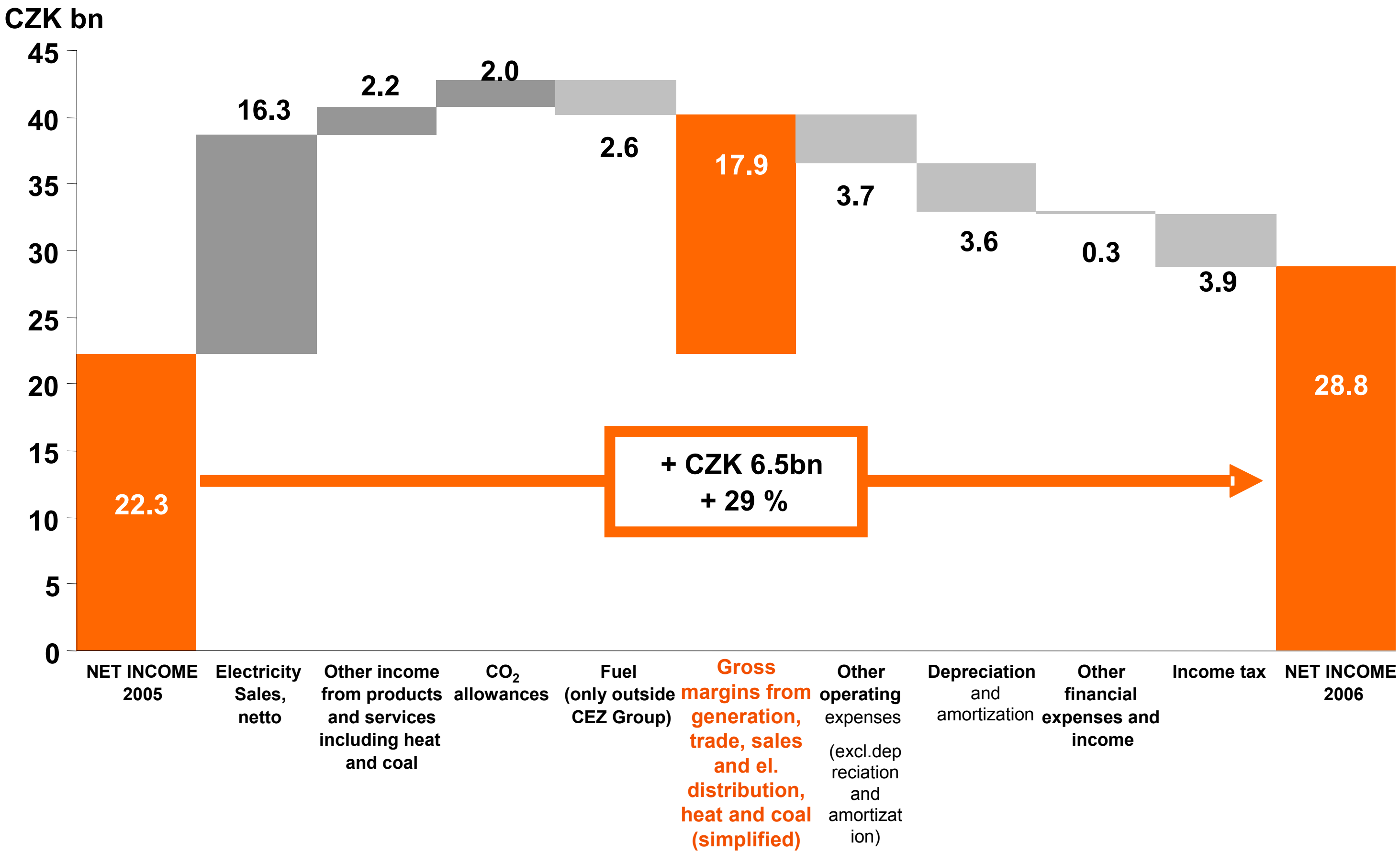
In the scale **The 2005 EVA™ Ranking Czech Republic** (agency ČEKIA) CEZ placed

1st out of all companies traded at BCPP

2nd out of all companies in the Czech Republic

The highest y-o-y EVA increase out of all companies in the Czech Republic

NET INCOME GREW Y-O-Y BY CZK 6.5 BN – I.E. BY 29 %



Main improvements

- Higher demand in the Czech Republic and generation from own sources
- Operating costs control
- CZK appreciation, optimization of free financial resources use in CEZ Group
- New acquisitions

CEZ GROUP MANAGES TO KEEP ITS OPERATING COSTS UNDER CONTROL

(CZK bn)	2005	2006	Change 06-05	Index 06/05	2006 comparable entity	Index 06/05 comparable entity
SUM of selected operating costs	**-29.5**	**-33.2**	**-3.7**	**112%**	**-30.8**	**104%**
Salaries and wages	-13.4	-15.1	-1.7	112%	-14.2	106%
Repairs and maintenance	-4.2	-5.5	-1.3	130%	-4.9	117%
Material and supplies	-4.0	-5.0	-1.0	124%	-4.8	121%
Others	-7,9	-7.6	0.2	97%	-6.8	86%
EBITDA	**50.1**	**64.3**	**14.2**	**128%**	**61.9**	**124%**
Depreciation and amortization	-20.7	-24.3	-3.6	117%	-23.1	111%

- Y-o-y increase of operating costs of a comparable entity only by 4 % (without depreciation, CO_2 allowances and fuel and power purchases)
- Increase of maintenance costs aimed at generation assets quality improvement (e.g. increase of available capacity at unit 2 of power plant Temelin by 30 MW, increase of available capacity at an additional unit of Dukovany power plant by 20 MW, etc.)
- In addition in the area of personnel costs the headcount reduction is a good starting point for future development
- One off depreciation of CZK 1.7 bn related to assets revaluation (office buildings) contributed to ČEZ Správa majetku (CEZ Facility Management)

*) comparable entity doesn't count with results from PL, BG - Varna, Q1. – Q3. RO and newly established representative offices abroad

FINANCIAL EXPENSES AND INCOME INCREASED Y-O-Y BY CZK 0.3 BN

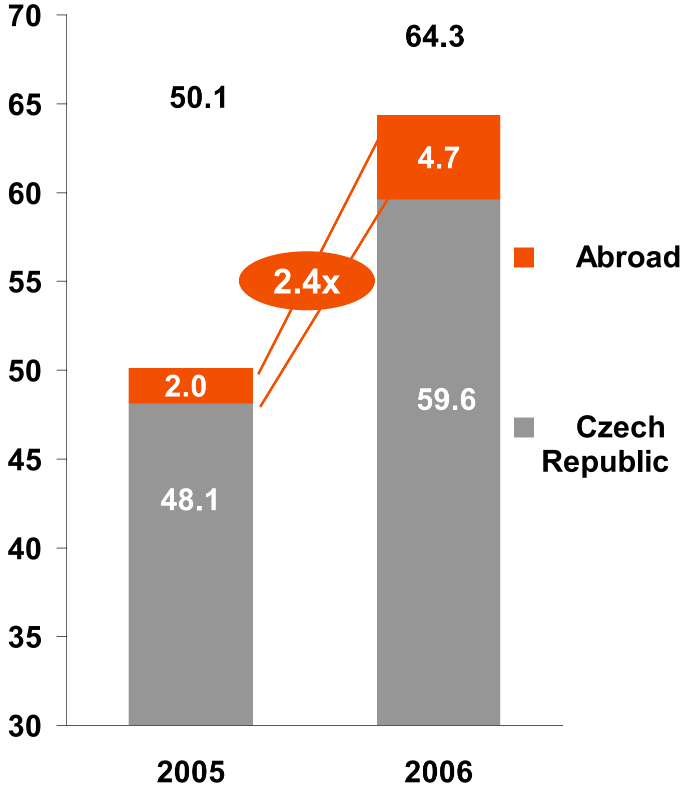
(CZK bn)	2005	2006	Change 06-05	Index 06/05	2006 comparable entity	Index 06/05 comparable entity
Other expenses and income	-2.1	-2.4	-0.3	112%	-2.2	107%
Interest on debt	-1.8	-2.2	-0.4	124%	-1.8	99%
Interest on nuclear and other provisions	-2.4	-1.9	0.6	77%	-1.9	77%
Interest income	0.4	0.9	0.5	211%	0.8	177%
FX profit / loss and derivates	-0.1	0.9	1.0	x	0.7	x
Sale of subsidiaries and associates	-0.2	-0.2	-0.1	134%	-0.2	134%
Negative goodwill write off	1.7	0.0	-1.7	x	0.0	x
Income from associates	0.1	0.1	0.0	72%	0.1	72%
Others	0.2	0.1	0.0	72%	0.2	88%
Profit before taxes	**27.3**	**37.7**	**10.4**	**138%**	**36.6**	**134%**
Income tax	-5.0	-9.0	-3.9	178%	-8.7	172%
Net Income	**22.3**	**28.8**	**6.5**	**129%**	**28.0**	**125%**

- Czech crown appreciation helped to create FX profit at CZK 1.5 bn
- Negative goodwill write off in 2005 was a one off item related to acquisition of Electrica Oltenia
- Interest on nuclear and other provisions decreased by CZK 0.6 bn due to change in calculation methodology in 2005

*) comparable entity doesn’t include results from PL, BG - Varna, Q1. – Q3. RO and newly established representative offices abroad

CONTRIBUTION OF FOREIGN ACQUISITIONS TO CEZ GROUP´S PROFITABILITY HAS MORE THAN DOUBLED COMPARED TO LAST YEAR

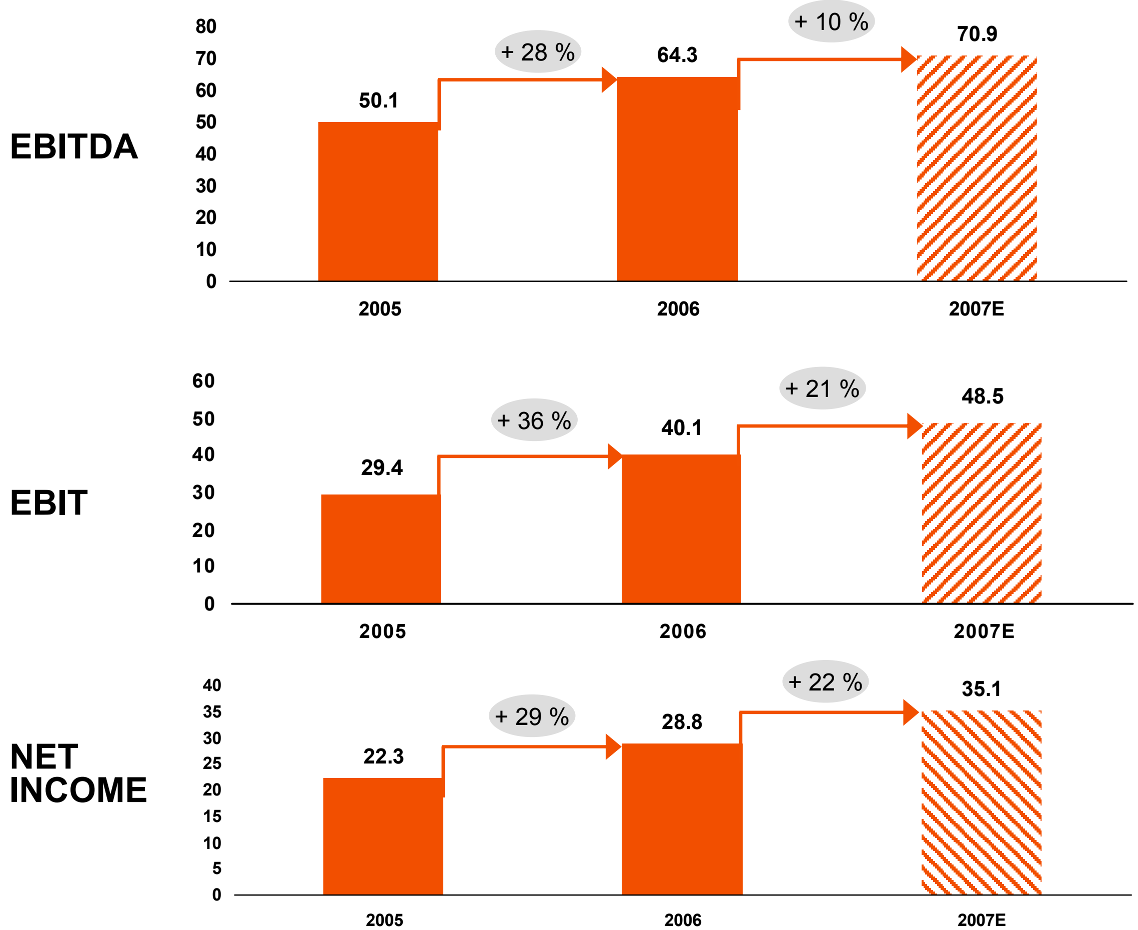
EBITDA
CZK bn



- In 2006 CEZ Group continued in integration of Bulgarian and Romanian distribution companies
- Newly acquired power plants ELCHO and Skawina in Poland and Varna in Bulgaria with total installed capacity 2,090 MW
- Foreign acquisitions in total brought CZK 4.7 bn in EBITDA, i.e. y-o-y CZK 2.7 bn more than in 2005

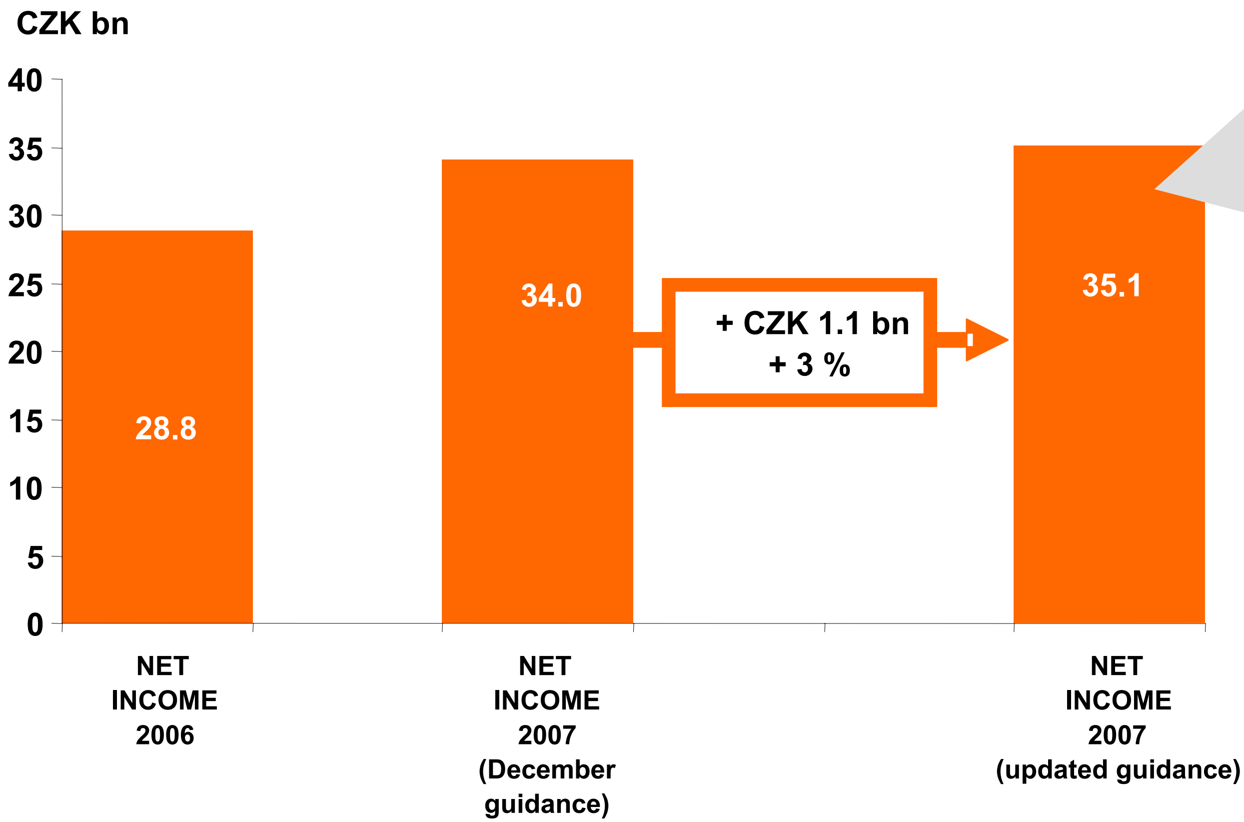
IN 2006 EBITDA REACHED CZK 64.3 BN, UPDATED 2007 EBITDA GUIDANCE AMOUNTS TO CZK 70.9 BN

Main financial results
CZK bn



thanks to reliable operations of nuclear power plant Temelin we are increasing our Net Income guidance for 2007 by CZK 1.1 bn

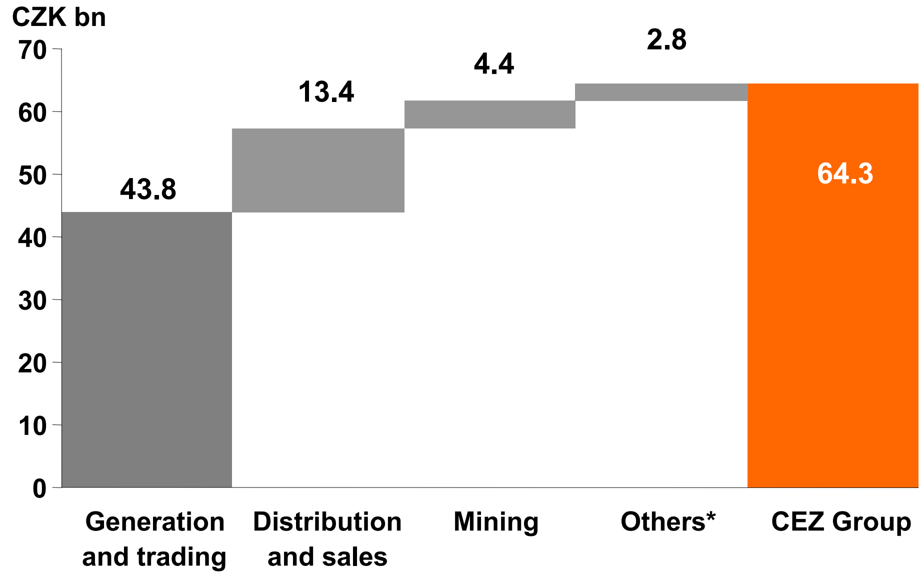
2007 NET INCOME GUIDANCE INCREASED BY CZK 1.1 BN COMPARED TO LAST DECEMBER ON THE BACK OF RELIABLE OPERATIONS OF TEMELIN IN DECEMBER AND JANUARY



Net Income guidance increased thanks to lower expected failure rate (due to stable operation in December and January) and related higher generation of nuclear power plant Temelin (65 GWh in January)

GENERATION AND TRADING REMAINS THE STRONGEST SEGMENT, BUT DISTRIBUTION AND SALES SAW A NOTABLE GROWTH AS WELL

Contribution to EBITDA in 2006



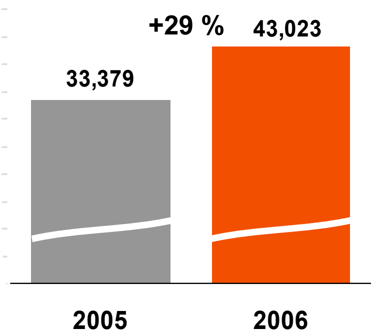
	Generation and trading	Distribution and sales	Mining	Others*	CEZ Group
Index 2006/2005:	**130 %**	**120 %**	**121 %**	**169 %**	**128 %**
Main areas of improvements:					
Higher generation / sales	✓	✓	✓		
Operating costs control	✓	✓	✓	✓	
New acquisitions	✓	✓			

* Growth is related to transfer of some activities, mainly from segment of distribution and sales (IT, Telecommunications..)

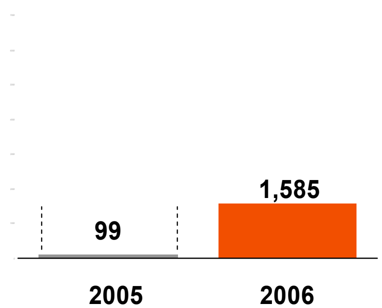
RESULTS OF THE MAIN CEZ GROUP COMPANIES IN THE CZECH REPUBLIC

EBITDA (CZK m)

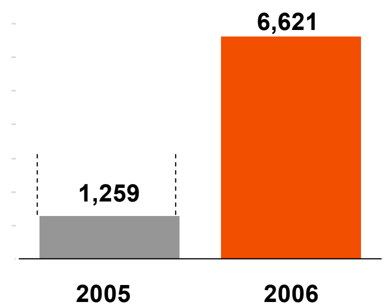
ČEZ, a. s.



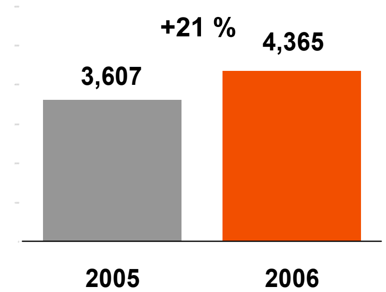
ČEZ Prodej, s.r.o.



ČEZ Distribuce, a. s.



Severočeské doly a.s.



Selected 2006 Results

ČEZ, a. s.

- Increase in generation by 2.5 TWh (4.3 %)
- Convergence of wholesale prices on the Central European market
- Optimization of generation from coal and CO_2 sales

ČEZ Prodej, s.r.o.

- Slight loss of the end customer market share (by 0.6 TWh) *

ČEZ Distribuce, a. s.

- Increase in distributed electricity to end customers by 0.7 TWh (by 2 %) **
- Increase of additional costs for mandatory purchase and renewables - bonus is newly applied also by generators for own consumption

Severočeské doly a.s.

- Increase of coal sale by 0.7 m tons (3.1 %)

Challenges for 2007

ČEZ, a. s.

- Stabilization of generation at nuclear power plant Temelin
- National CO_2 Allocation Plan
- New ways of selling power (Energy Exchange)

ČEZ Prodej, s.r.o.

- Maintaining end customers and relevant margins in an increasingly competitive liberalized market

ČEZ Distribuce, a. s.

- Costs control – lower than expected increase of distribution tariffs
- Compliance with the standards set by Public notice 540/2005 Sb.

Severočeské doly a.s.

- Landscape reclamation and diverting railroad track Březno - Chomutov
- Maintaining the extent of mineable reserves
- Operating costs control

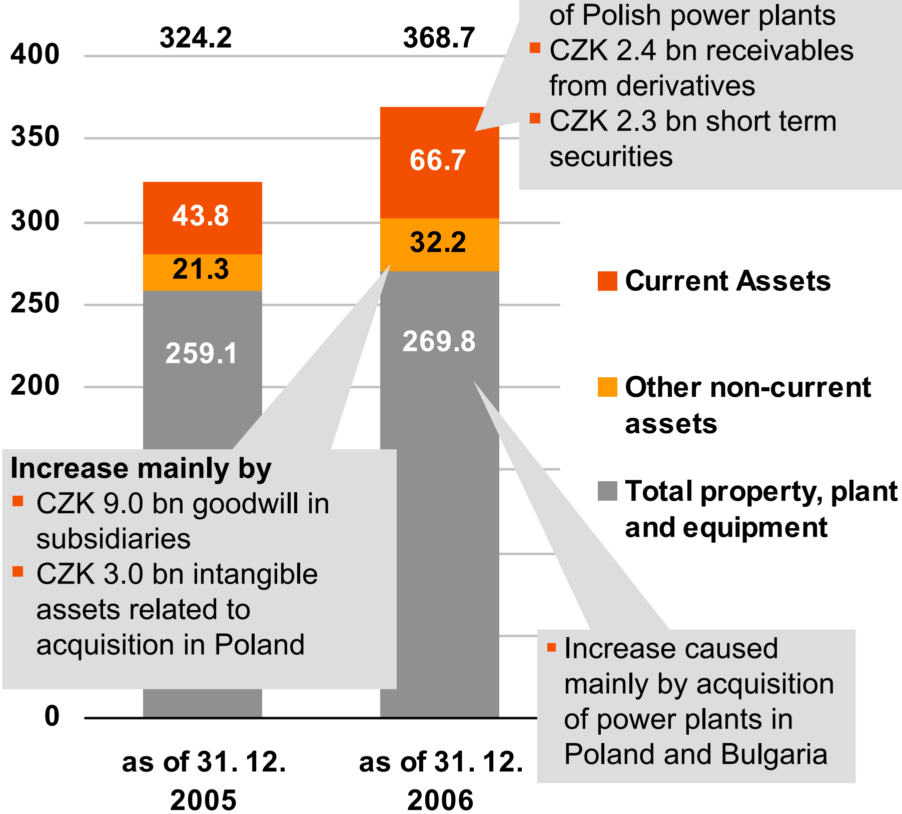
*) including sales to end customers from DISCOs and ČEZ, a. s. in year 2005

**) including activities of DISCOs in year 2005

Source: CEZ.

BALANCE SHEET

Assets
CZK bn

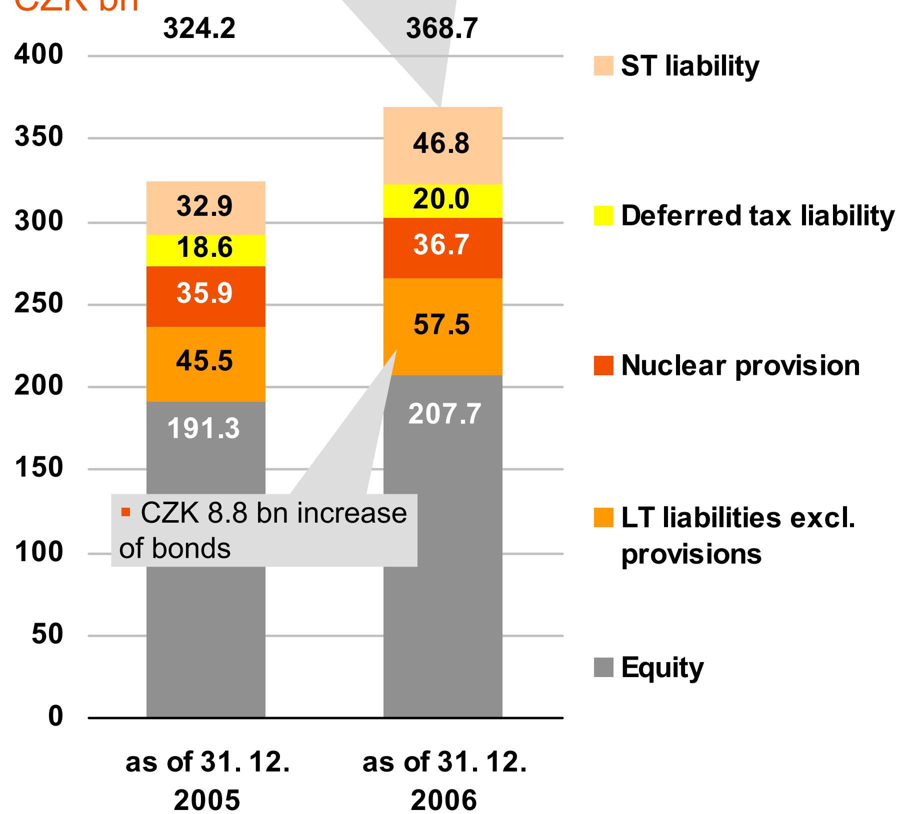


Increase mainly by
- CZK 13.2 bn bank accounts and cash equivalents – preparation for foreign acquisitions
- CZK 2.1 bn CO_2 allowances of Polish power plants
- CZK 2.4 bn receivables from derivatives
- CZK 2.3 bn short term securities

Increase mainly by
- CZK 9.0 bn goodwill in subsidiaries
- CZK 3.0 bn intangible assets related to acquisition in Poland

- Increase caused mainly by acquisition of power plants in Poland and Bulgaria

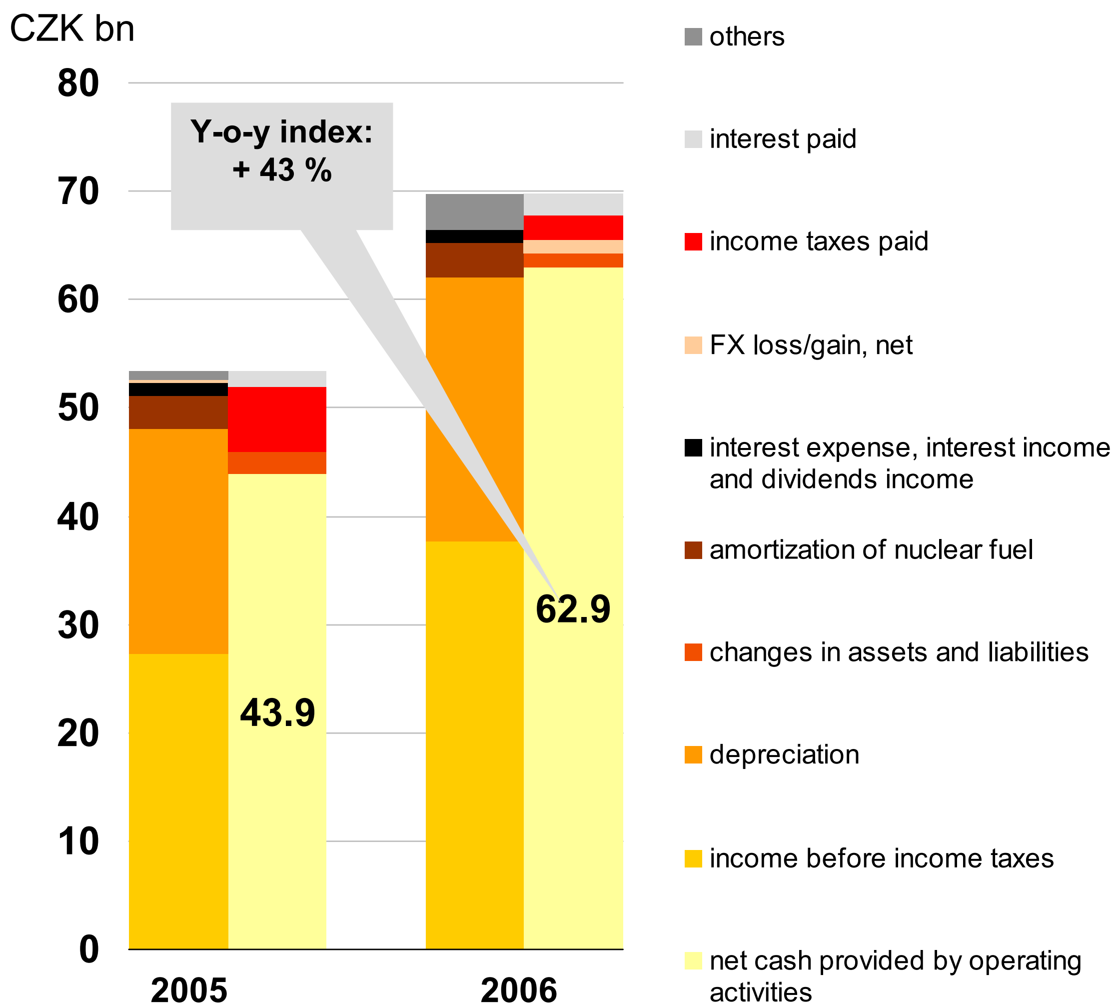
Equity and Liabilities
CZK bn



Increase mainly by
- CZK 5.6 bn increase of liabilities from income tax
- CZK 2.4 bn increase of reserve for greenhouse emissions (burnt CO_2 allowances in Poland and lack of CO_2 allowances of ČEZ, a. s.)
- CZK 2.5 bn increase of liabilities to suppliers
- CZK 2.3 bn increase of liabilities from derivatives

- CZK 8.8 bn increase of bonds

OPERATING CASH FLOW



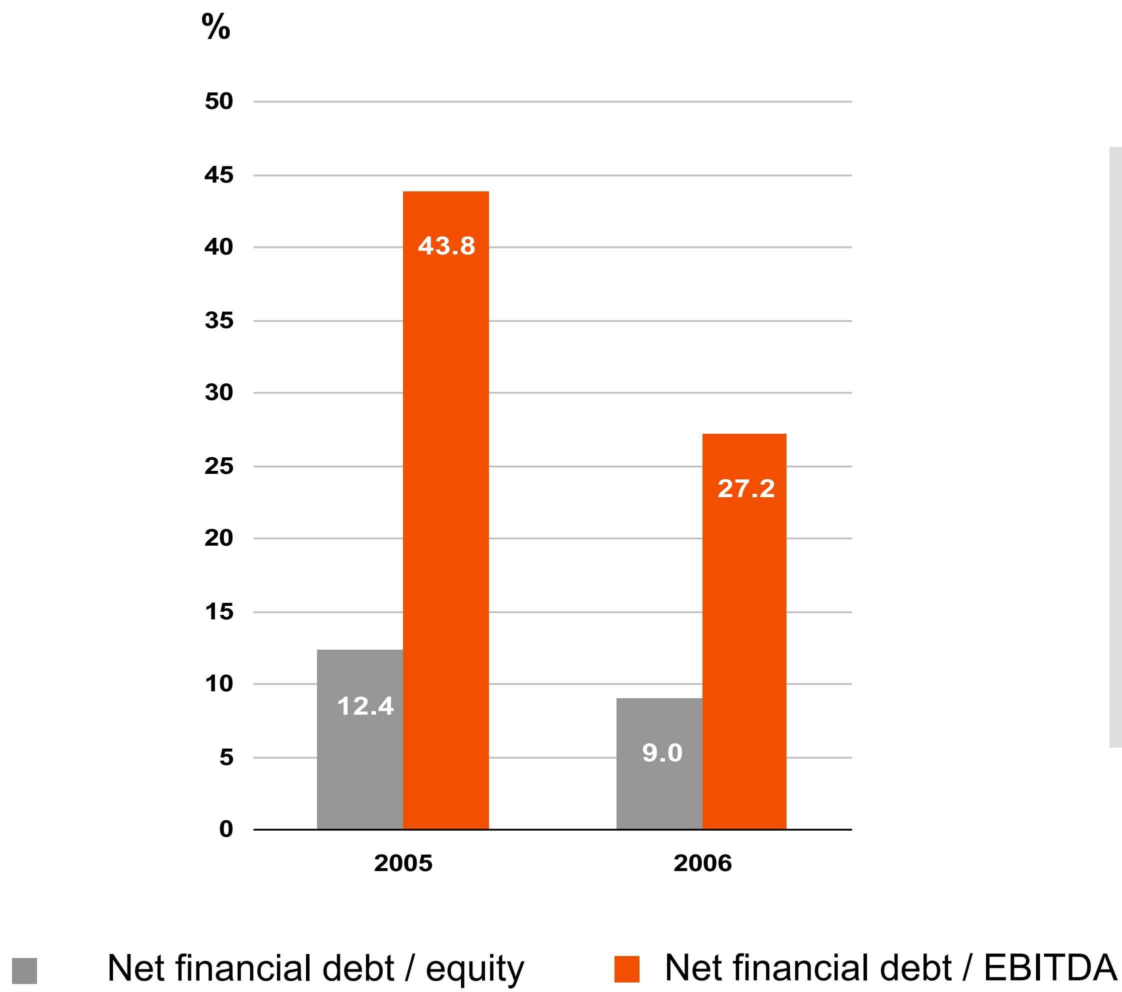
Key impacts on operating cash flow increase
In CZK bn

+ 14.8 EBIT adjusted for non cash items

+ 0.7 changes in assets and liabilities

+ 3.7 income tax paid

INDEBTEDNESS DECREASED Y-O-Y DUE TO STRONG CASH FLOW FROM OPERATING ACTIVITIES



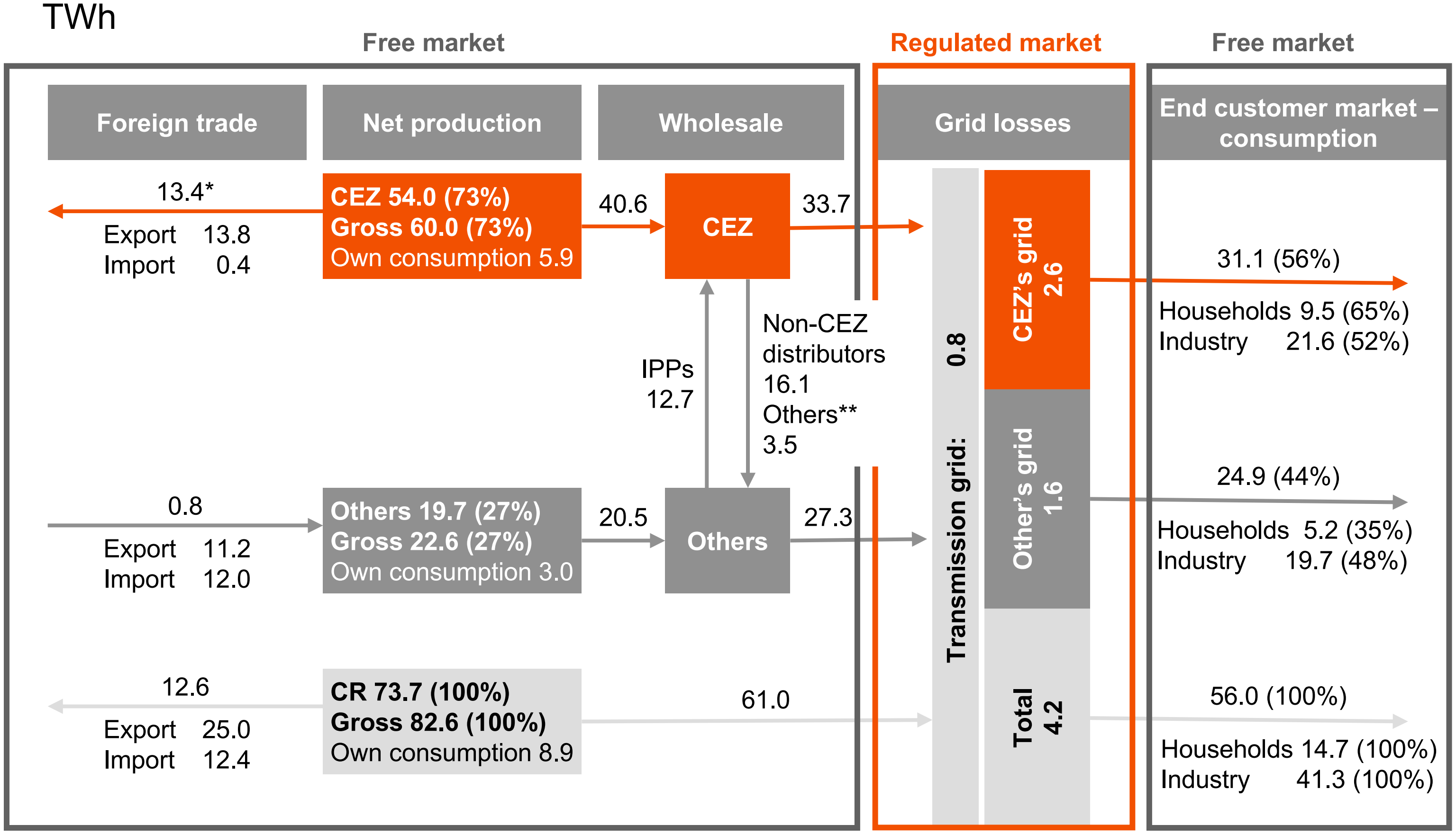
- Total indebtedness was influenced mainly by the issue of 4th Eurobond issue in the volume of EUR 500 m and repayment of the 2nd Eurobond issue in the volume of EUR 200 m
- Increase of cash and cash equivalents from CZK 16.8bn to CZK 30.9 bn

AGENDA

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

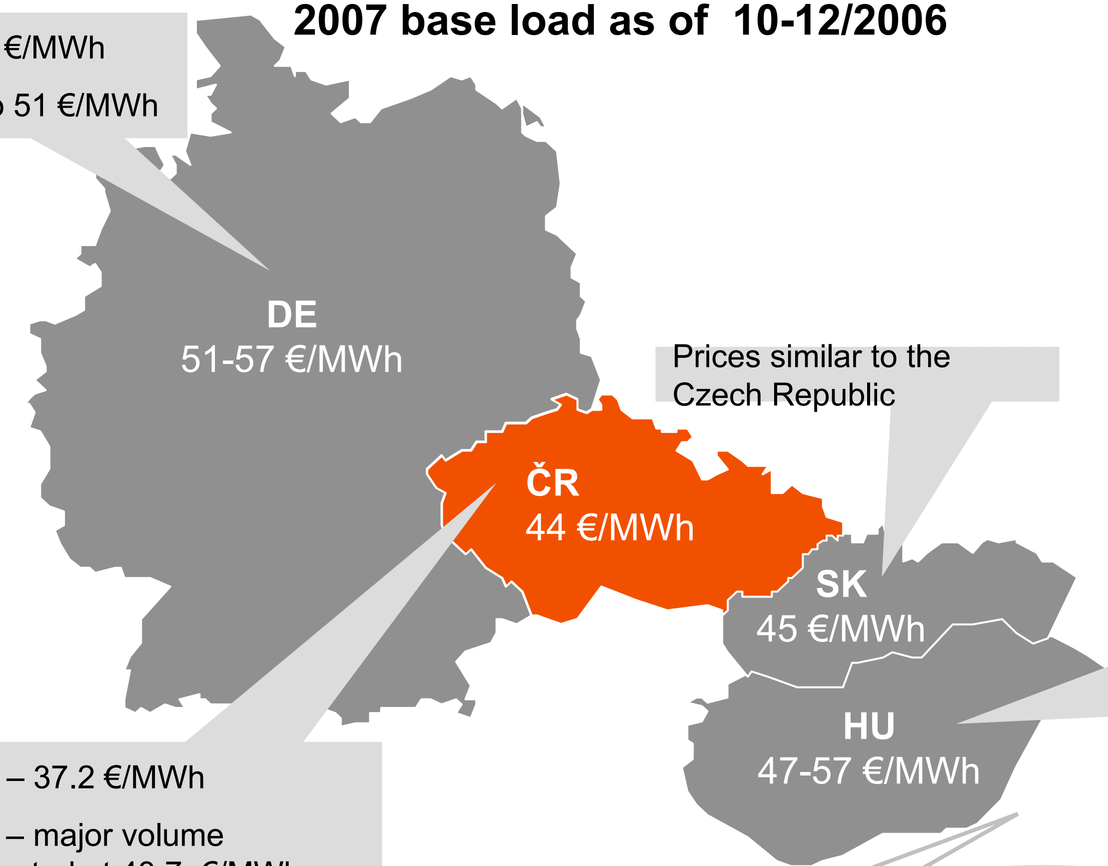
** Includes domestic power exchange trading, sales to grid operator to cover grid losses, direct sales to domestic traders for domestic consumption and other domestic sales

PRICES IN THE REGION CAME CLOSER LAST YEAR DUE TO DECREASE OF AVAILABLE CAPACITY AND DEMAND GROWTH

2007 base load as of 10-12/2006

2006 – 47.5 €/MWh

2007 – 57 to 51 €/MWh



Prices similar to the Czech Republic

2006 – 37.2 €/MWh

2007 – major volume contracted at 43.7 €/MWh

2006 - 38 €/MWh

2007 – increase from 45 to 57 €/MWh pushed by demand in Hungary and in the Balkans

High prices in the tenders in the Balkans, eg. up to 80 €/MWh in Albania

Key factors:

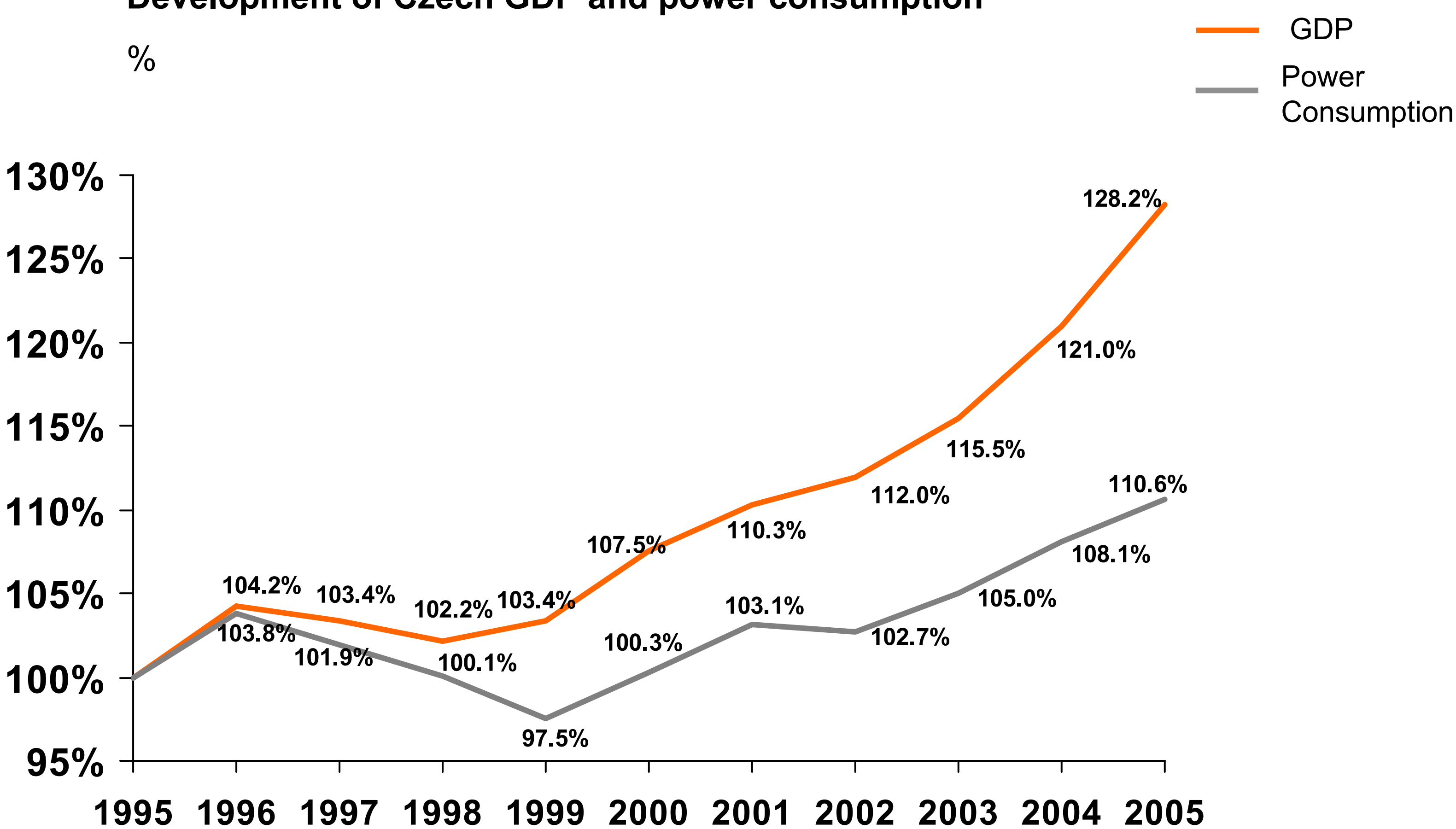
- Decommissioning of Jaslovske Bohunice (Slovakia)
- Decommissioning of Kozloduj (Bulgaria)
- No annual exports (Poland)
- Announcement of LT cross-border contracts cancellation (Poland - Austria, Czech Rep. – Germany)
- Temporary decommissioning of Tušimice and Temelín

Source: CEZ; TFS; press

DESPITE INCREASING POWER PRICES POWER CONSUMPTION GROWS IN LINE WITH GDP

Development of Czech GDP and power consumption

%



Source: Czech Statistical Office

PRINCIPLES OF REGULATION IN CR 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

Opex

- Indexed to a mixture of PPI (65% weight) and wage change index (35%)
- Adjusted for efficiency factor x (2.085%)
- Includes all operating costs expanded in relation to distribution plus compensation of costs related to unbundling
- Backwards adjustments to reflect changes in distributed volume, in purchased power from renewable, etc.

Depreciation

- Indexed to PPI

EBIT

- RAB x $\text{WACC}_{\text{nominal, pre-tax}}$

WACC - 7.955%

- Set for a full regulatory period

Risk free rate –	4.18%
$\text{Beta}_{\text{unlevered}}$ –	0.35
Risk premium –	6.32%
D/(D+E) –	30.00%

RAB (Regulatory Asset Base)

- Annually adjusted for changes
- To increase by almost 90% (from 2004 level)

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**

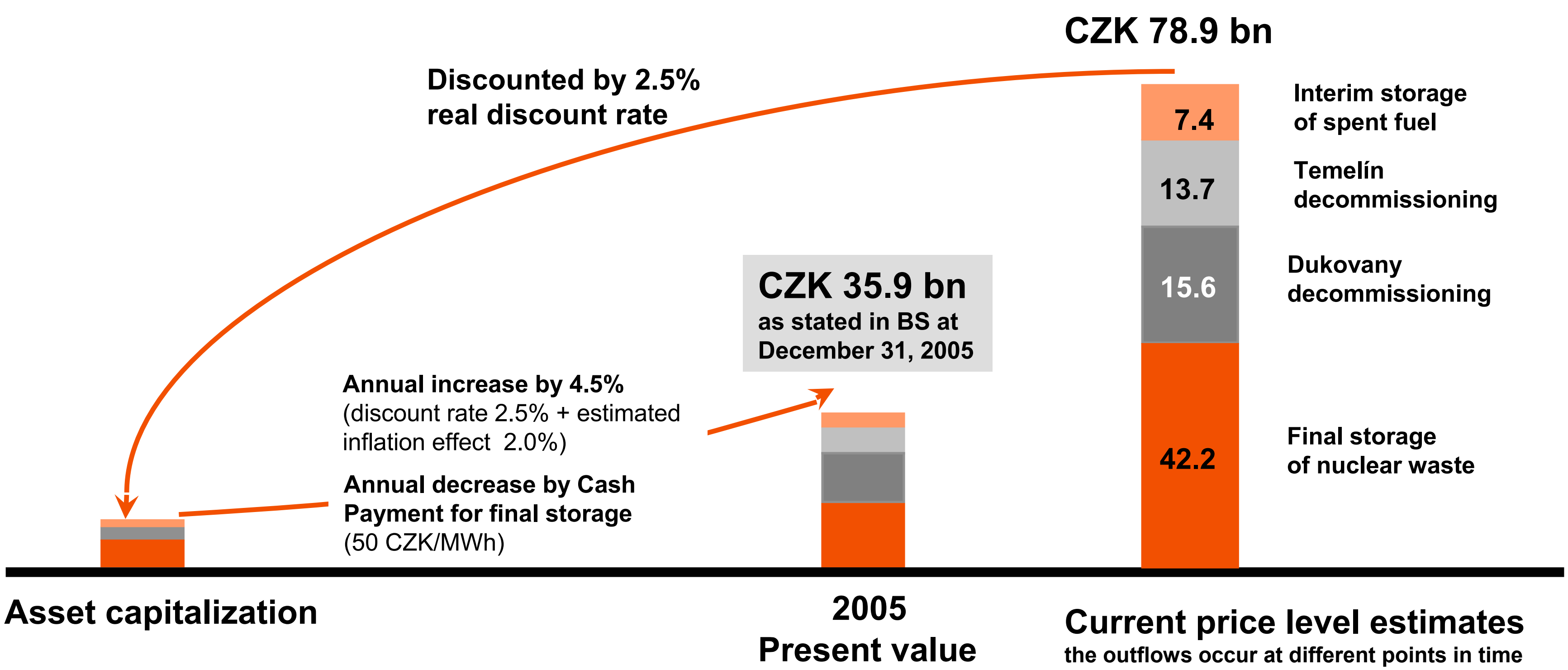
Position of CEZ Group

- 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	**Necessity of new investments** into infrastructures and connectivity of EU market
European Customer Charter	**Improve availability of information** for customers
Correspondent network for questions on energy security	Security of supply – **priority**
20% share of renewables in the energy mix	**Setting achievable national targets** – share of all CO_2 free technologies
Use of coal capacity	Emphasis on **CO_2 sequestration and storing** since 2020
High level group on nuclear security	Support of **objective discussion**, participation **of all EU members** required
Energy observatory	New institutions only once their **competence is precisely defined**

NUCLEAR PROVISIONS IFRS STATEMENTS ARE FULLY IN LINE WITH IAS 37

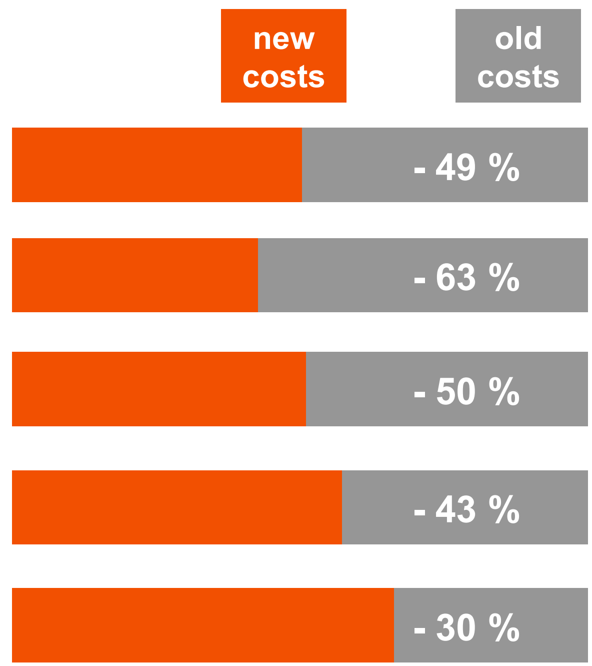


Source: CEZ, as of 2005

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

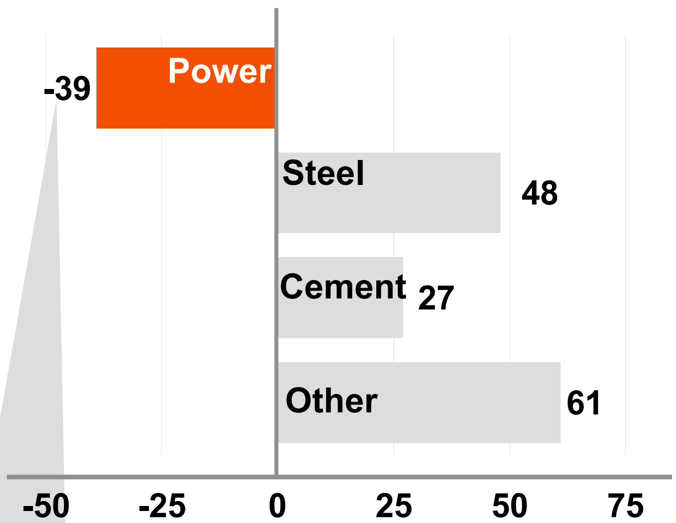
Examples of procurement savings

- metering equipment
- mobile phone services
- mercantile press
- thermal power plants insurance
- high voltage switches and disconnectors



CEZ EXPECTS SAME ALLOCATIONS OF CO_2 ALLOWANCES FOR NEXT PERIOD AS UNDER NAP I

EU first phase allocation – surplus/deficit
2005, mil. tons CO_2



Power sector is the only one in deficit in the first period

EU second phase allocation – guidelines

- Member states already meeting Kyoto targets (such as CR) may keep NAP II ceiling at NAP I levels
- When distributing the allowances to individual installations the governments should disregard data from the first phase to make ETS credible

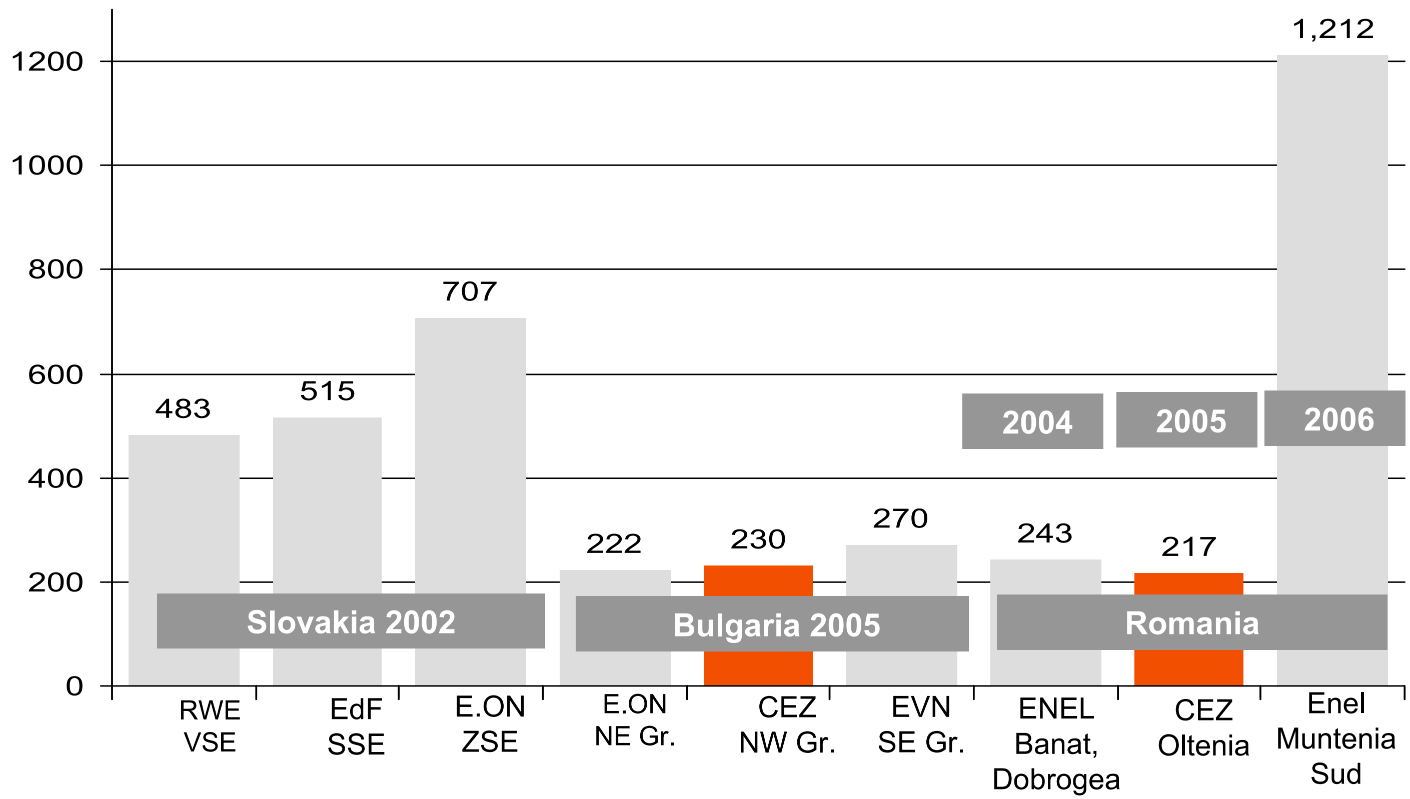
- National allocation plan to be submitted to EC soon
- CEZ expects to be granted same volume as in current period

Source: European Commission - DG Environment

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

Elektrocieplownia Elcho Sp. z o. o.

Basic figures

*million EUR**	2004	2005
Revenues	89.3	88.4
EBITDA	44.9	44.5
EBIT	36.2	35.9
Net profit	42.0	-6.9
Net debt (debt - cash)	251.4	253.3

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

** Polish accounting standards, converted at 3.85 PLN/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

Source: CEZ, Elcho annual report

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

*million EUR**	**2004**	**2005**
Revenues	99.5	104.9
EBITDA	9.0	5,2
EBIT	3.8	0.1
Net profit	3.0	0.1
Net debt (debt - cash)	9.3	18.9

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

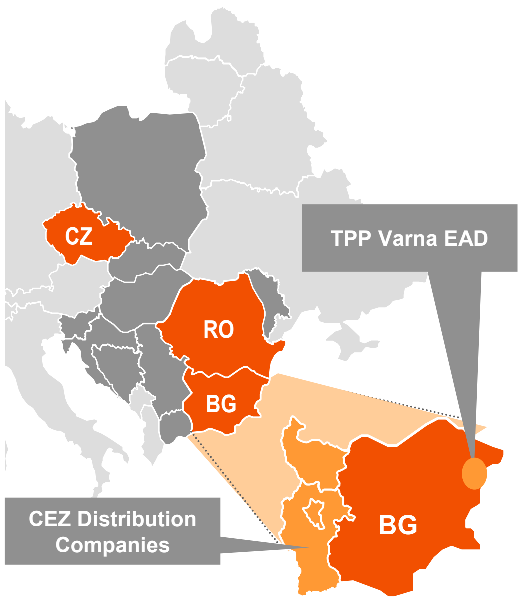
- Electricity generation part commissioned in 1961, heating part in 1986
- Almost half of the plant continuously refurbished since 1993; some further investments needed to meet stricter emission limits in 2008
- Potential to increase existing generation from biomass
- Electricity is sold in open market; 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*
*** Excluding balanced trading in open markets*

Source: CEZ, Annual report Skawina

TPP VARNA IS THE LARGEST BULGARIAN THERMAL POWER PLANT

TPP Varna EAD



Basic figures

*million EUR**	2004	2005
Revenues	69.2	73.3
EBITDA	8.9	4.9
EBIT	3.4	-1.0
Net profit	2.8	-1.1
Net debt	2.9	1.0

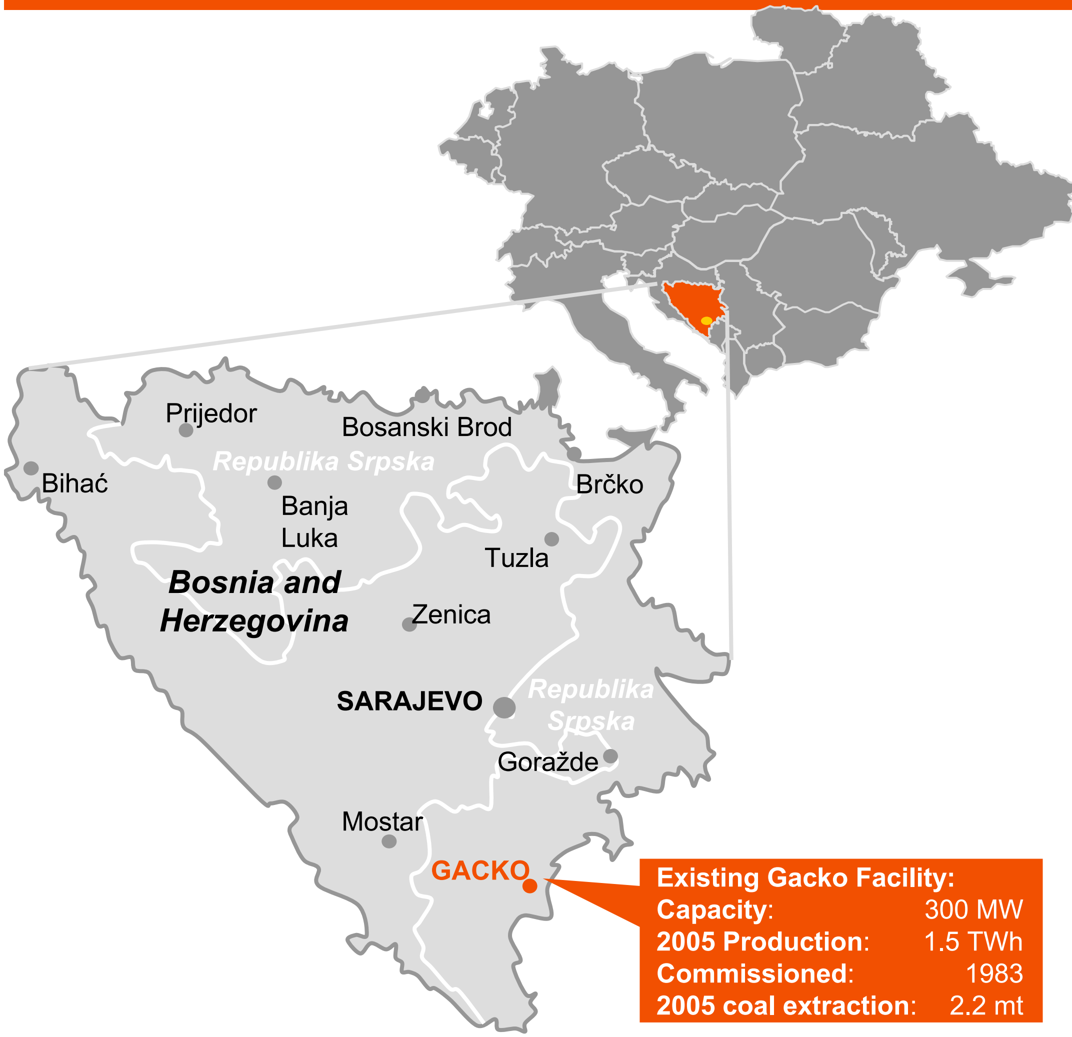
Electricity sales (TWh)	2.2	2.4
Installed capacity (MWe)	6 x 210	
Fuel	hard coal	
Commissioned	3 units in late 60´s, 3 units in late 70´s	
Number of employees	900	
Stake acquired	100%	
Transaction Consideration		
- Acquisition of 100% shares	EUR 206.0m	
- New equity subscription (16% increase)	EUR 99.8m	

- 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 extend - 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

* *International accounting standards, converted at 1.956 BGN/EUR*

IN DECEMBER 2006 CEZ SIGNED AGREEMENTS WITH THE GOVERNMENT OF REPUBLIKA SRPSKA AND POWER COMPANY ERS TO DEVELOP GACKO POWER PLANT



Existing Gacko Facility:

Capacity:	300 MW
2005 Production:	1.5 TWh
Commissioned:	1983
2005 coal extraction:	2.2 mt

Details of the arrangement

- In March 2006 the government of Republika Srpska in Bosnia and Hercegovina (BiH) approved a master agreement between CEZ and ERS (ELEKTROPRIVREDA REPUBLIKE SRPSKE, a.d.) setting framework for further cooperation in development of Gacko site
- Based on the master agreement above on December 4, 2006 CEZ and ERS signed an agreement on creating a joint company Nova Elektrarne RS (NERS). At the same time CEZ and representatives of the Government of Republika Srpska signed Declaration on future investment
- NERS will have initial registered capital of approx. EUR 400,000[1] with CEZ having 51% stake.
- At a later stage the equity of NERS will be increased via contribution in kind and cash; the ownership structure is expected to be unchanged
- NERS will invest around EUR 1.4 bn into Gacko project in 2007 – 2015
- The investments above will include the following:
  - Construction of a new facility; installed capacity 600 – 700 MW
  - Extension of existing mining operations (expected output to triple between 2007 and 2015)
  - Environmental upgrade of existing 300 MW facility
- Additionally the existing 300 MW unit will undergo complete overhaul after 2025
- The investments will be financed by the mixture of cash contribution of CEZ, debt financing and cash generated by existing Gacko plant; exact financing structure yet to be designed
- Long term power purchase agreement considered for part of the expected power production

[1] *KM 800,000; KM = convertible mark, local currency in Bosnia and Hercegovina pegged to EUR at a fixed rate of 1KM = 1.95583 EUR*

THE JOINT COMPANY – NERS – WILL SPEND AROUND EUR 1.4BN IN 2007 – 2015 ON THE GACKO PROJECT

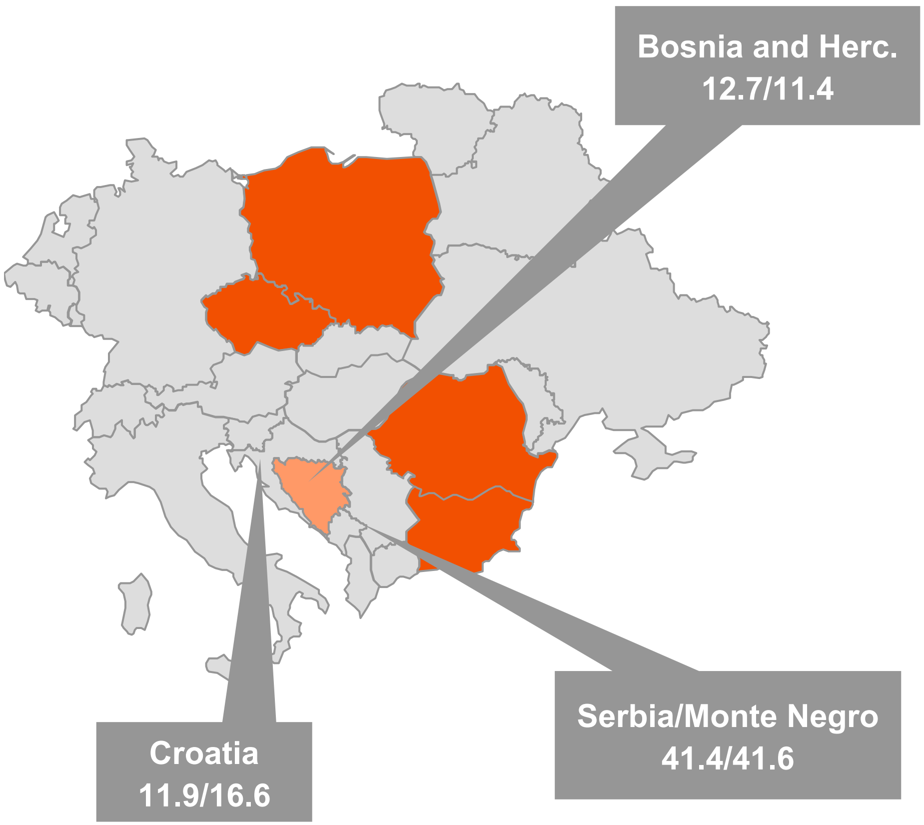
Expected timeline of the project

2006	2010	2015
▪ Design phase for New Facility ▪ Master Agreement Signed ▪ Agreement on starting the joint company NERS ▪ Equity increase via contribution in kind and cash contribution	▪ New Facility construction phase ▪ Spending more than 80% of project costs	▪ Partial overhaul of existing 300 MW facility

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 Hercegovina (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

CZK bn	2003	2004	2005	2006
Revenues	87.3	102.7	125.1	159.6
Sales of electricity	79.0	92.2	115.9	148.3
Heat sales and other revenues	8.3	10.5	9.1	11.3
Operating Expenses	53.7	63.0	74.9	95.2
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
EBITDA	**33.6**	**39.6**	**50.2**	**64.4**
EBITDA margin	*38%*	*39%*	*40%*	*40%*
Depreciaiton	18.5	19.8	20.7	24.3
EBIT	**15.0**	**19.8**	**29.4**	**40.1**
EBIT margin	*17%*	*19%*	*24%*	*25%*
Net Income	9.6	13.2	21.5	27.7

Balance sheet

CZK bn	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
Total Assets	**296.6**	**299.3**	**324.2**	**368.7**
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
Total liabilities	**296.6**	**299.3**	**324.2**	**368.7**

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.

Source: CEZ

SELECTED HISTORICAL FINANCIALS OF CEZ GROUP EUR

Profit and loss

EUR m	2003	2004	2005	2006
Revenues	3,009	3,540	4,312	5,502
Sales of electricity	2,723	3,178	3,998	5,113
Heat sales and other revenues	286	362	315	389
Operating Expenses	1,852	2,174	2,583	3,282
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
EBITDA	**1,157**	**1,366**	**1,729**	**2,220**
EBITDA margin	*38%*	*39%*	*40%*	*40%*
Depreciaiton	638	684	715	837
EBIT	**519**	**682**	**1,014**	**1,383**
EBIT margin	*17%*	*19%*	*24%*	*25%*
Net Income	331	456	740	955

Balance sheet

EUR m	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
Total Assets	**10,227**	**10,317**	**11,178**	**12,710**
	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
Total liabilities	**10,227**	**10,317**	**11,178**	**12,710**

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.

Source: CEZ

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