CEZ GROUP

THE LEADER IN POWER MARKETS OF CENTRAL AND SOUTHEASTERN EUROPE

Equity story, September 2006

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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, 2nd biggest exporter of power in Europe
- Vertically integrated in the Czech Republic – from mining (45% market share) through generation (73%) to distribution (62%) and supply (56%)
- 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

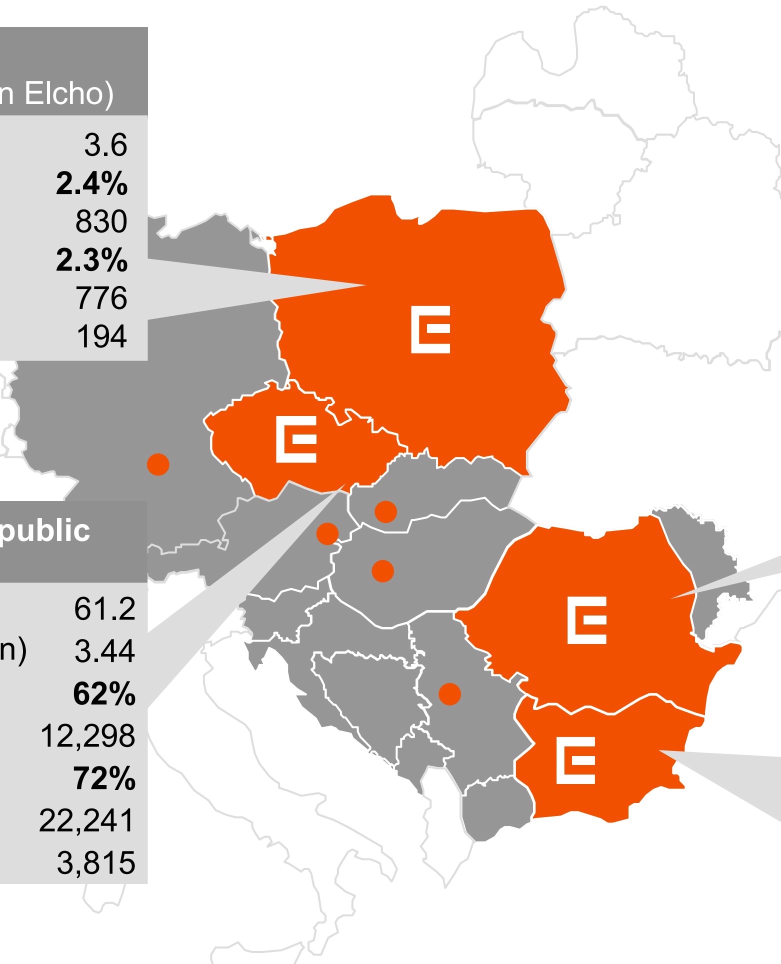
CEZ GROUP WILL CONTINUE TO IMPROVE ITS PERFORMANCE FASTER THAN OTHERS

	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

- Asset positions
- Target markets
- Trading office



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

Electricity sales (TWh)	3.6
Market share	**2.4%**
Installed capacity (MW)	830
Market share	**2.3%**
Number of employees	776
Sales (EUR million)	194

CEZ Group in the Czech Republic

Electricity sales (TWh)	61.2
Number of customers (million)	3.44
Market share	**62%**
Installed capacity (MW)	12,298
Market share (MWh)	**72%**
Number of employees	22,241
Sales (EUR million)	3,815

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

Electricity sales (TWh)	4.1
Number of customers (million)	1.36
Market share	**17%**
Installed capacity (MW)	0
Number of employees	2,969
Sales (EUR million)	368

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

Electricity sales (TWh)**	7.9+2.7
Market share	**41%+6%**
Number of customers (million)	1.9
Market share	**42%**
Installed capacity (MW)	1,260
Number of employees	4,693+900
Sales (EUR million)**	409+73

* IFRS 2005, ** Last figure relates to TPP Varna
Note: Exchange rate CZK/EUR = 29.0, CZK/PLN = 7.5

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	**72%** 60.0 TWh	**100%** 62 TWh	5 out of 8 distribution companies 62% of customers	**57%** 32.0 TWh
Others	**55%** 27 million tons	**28%** 22.6 TWh		38% of customers	**43%** 24.0 TWh

Lignite mining
- CEZ fully owns the largest Czech mining company (SD)
- Remaining 3 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

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

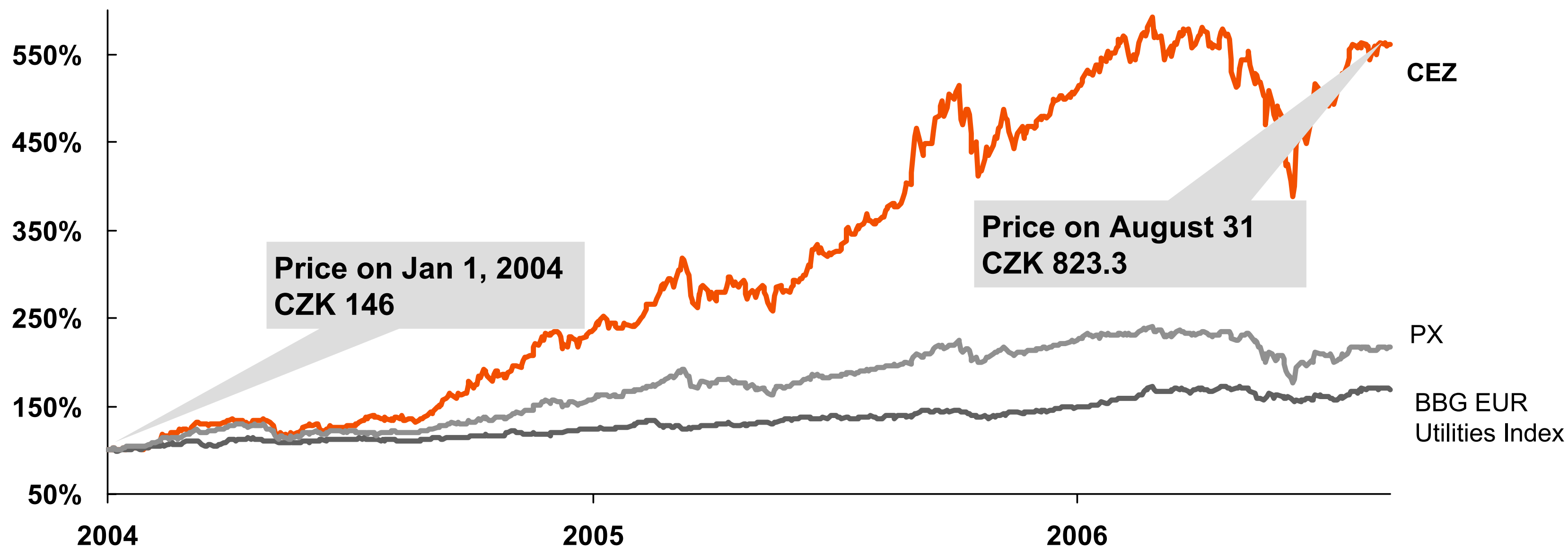
Management team of CEZ Group

	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 Q2 2006**
  - CZK 1.9 billion
  - 2.5 million pieces
  - 1.3% of the free float

Dual listing in Warsaw in progress

CEZ shares are part of the following main indices

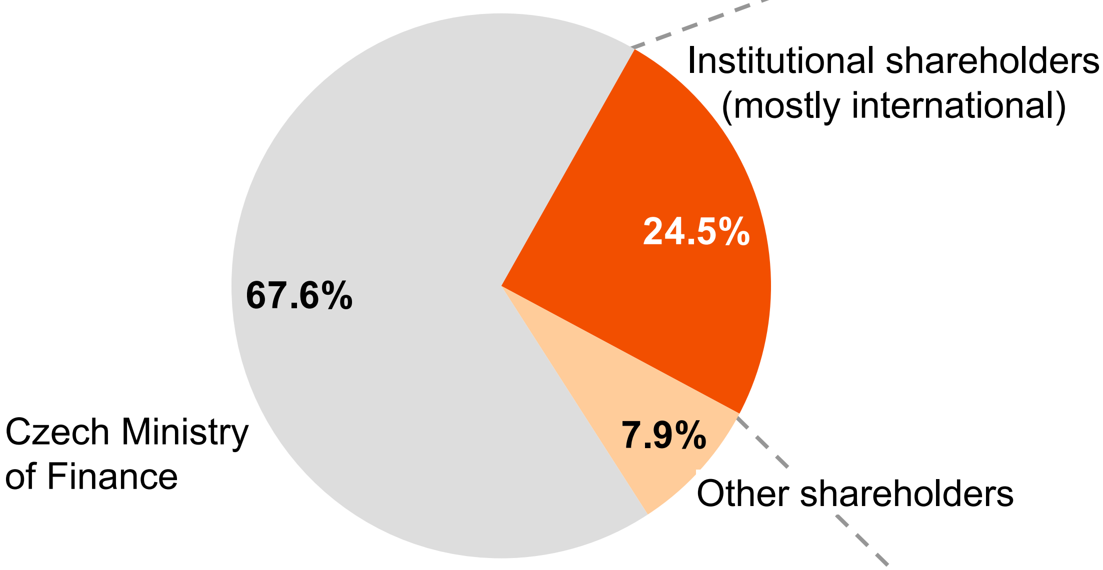
- PX – Prague Stock Exchange
- CTX – Wiener Borse
- CETOP 20 – Budapest Exchange
- STOXX EU Enlarged – Dow Jones

* Indexed to Jan 1, 2004

Source: PSE, Bloomberg

CEZ GROUP ATTRACTED MANY INTERNATIONAL SHAREHOLDERS

Shareholders of CEZ, a. s.
As of December 31, 2005



Types of funds investing in CEZ shares

Increasing share

- Utilities
- Emerging markets
- Hedge

Examples of large foreign investors

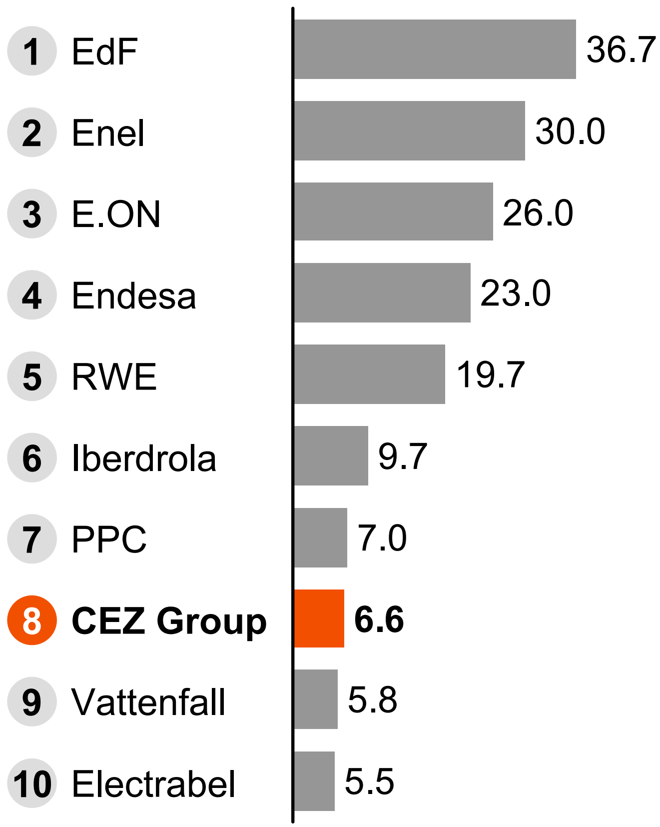
- Baring Global Umbrella
- BNP Paribas
- Charlemagne Capital
- Credit Suisse Life & Pensions
- J. P. Morgan
- Merrill Lynch
- Norwich Life & Pensions Ltd.
- Pioneer
- The State Teachers Retirement System Ohio
- UBS

Source: CEZ, Bloomberg

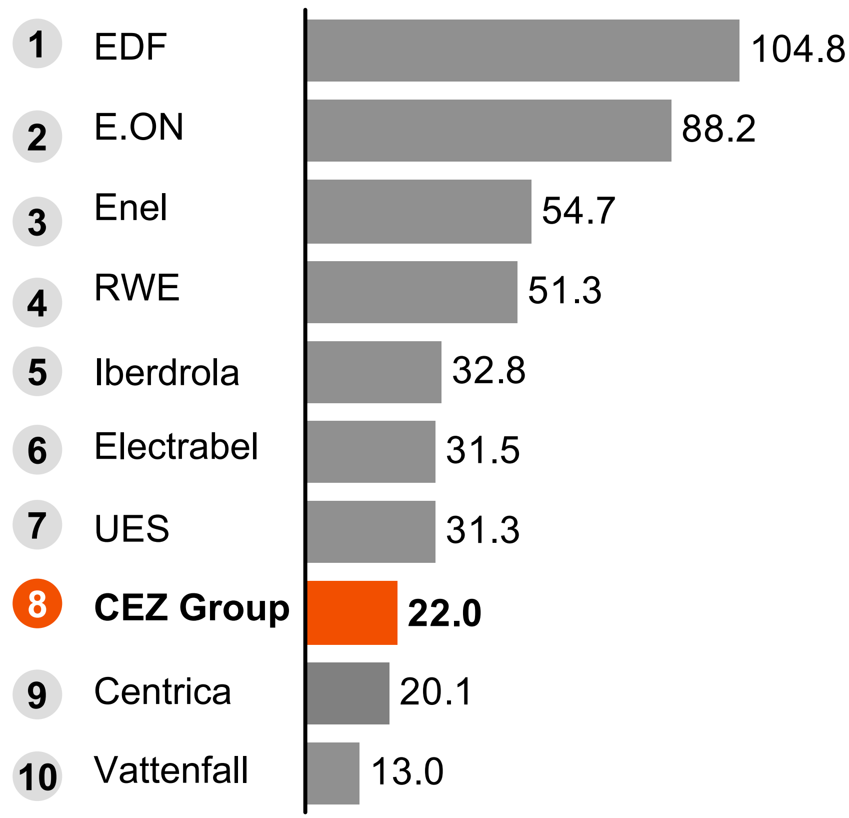
AGENDA

CEZ IS AMONG TOP 10 EUROPEAN POWER UTILITIES BY SIZE ….

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

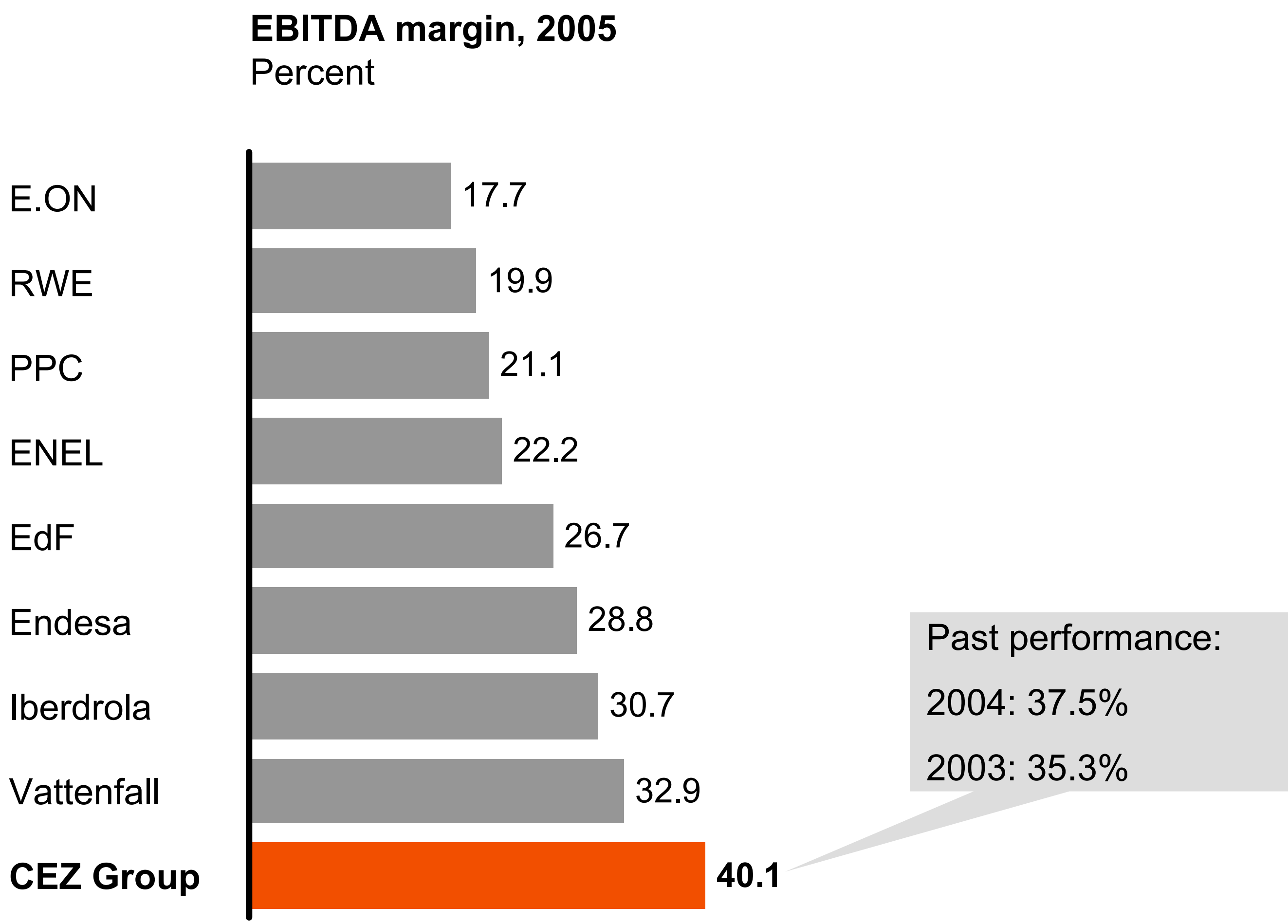


Top 10 European power utilities
Market capitalization, USD bn, as of August 24, 2006



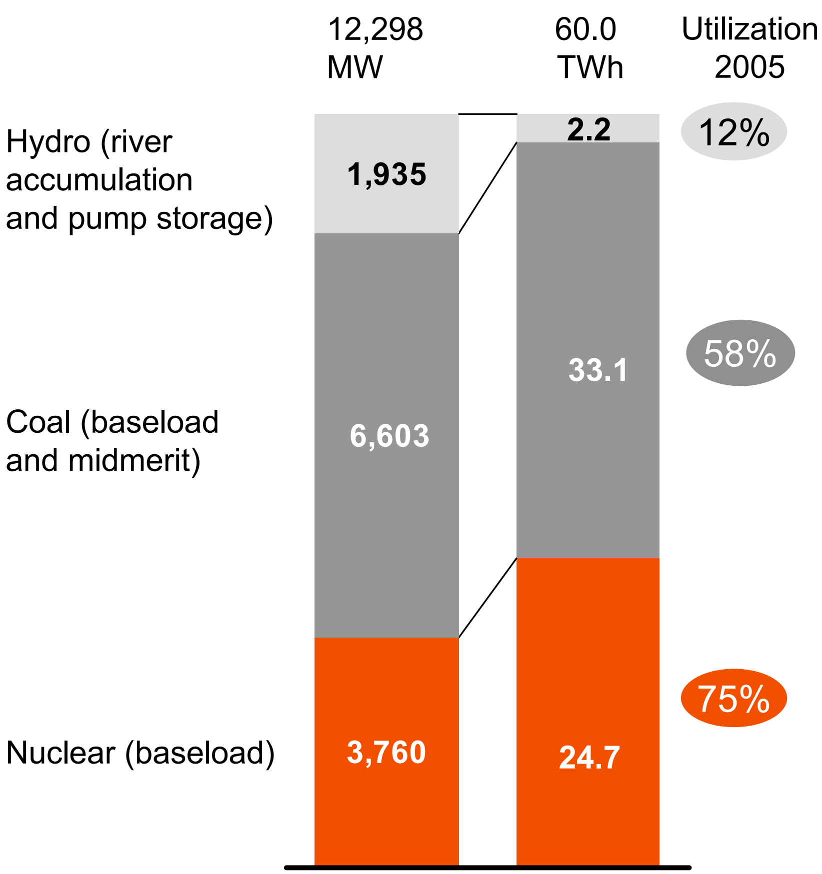
Source: Annual reports; Forbes; CEZ; data for 2005 or latest available

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

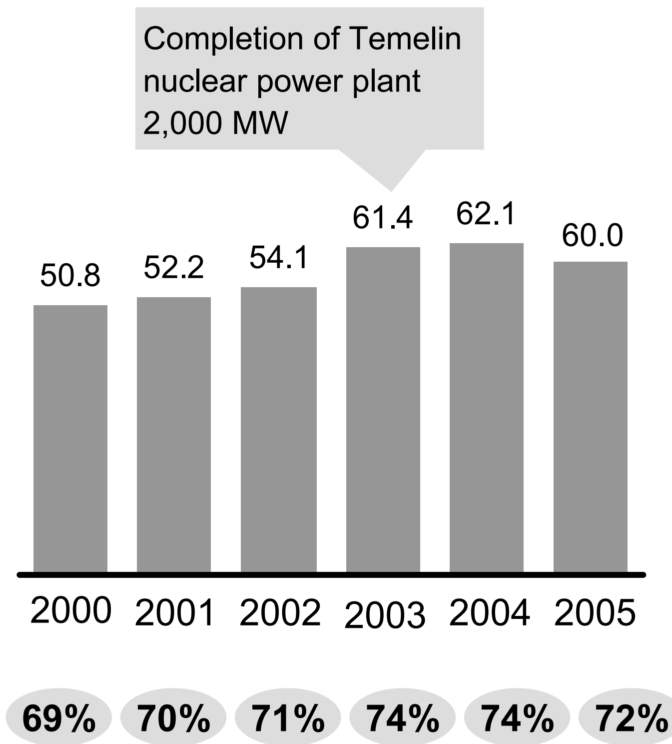


THE MAIN COMPETITIVE ADVANTAGE OF CEZ GROUP IS DOMESTIC LOW COST GENERATION FLEET

CEZ Group Czech generation (2005)



Annual production of CEZ Group
TWh



Share in power production in the Czech Republic

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

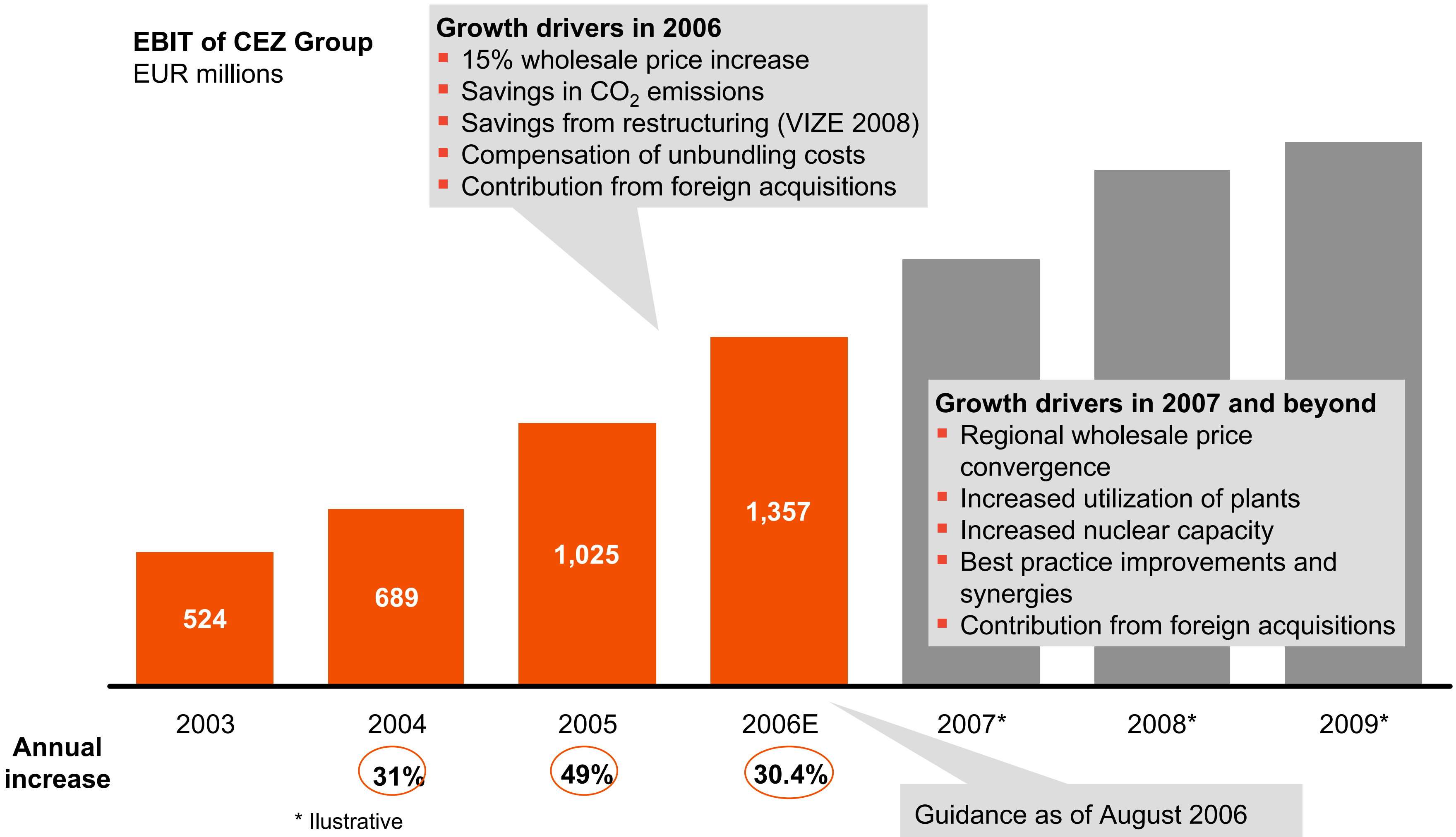
Sources of long-term competitive advantage:

- **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

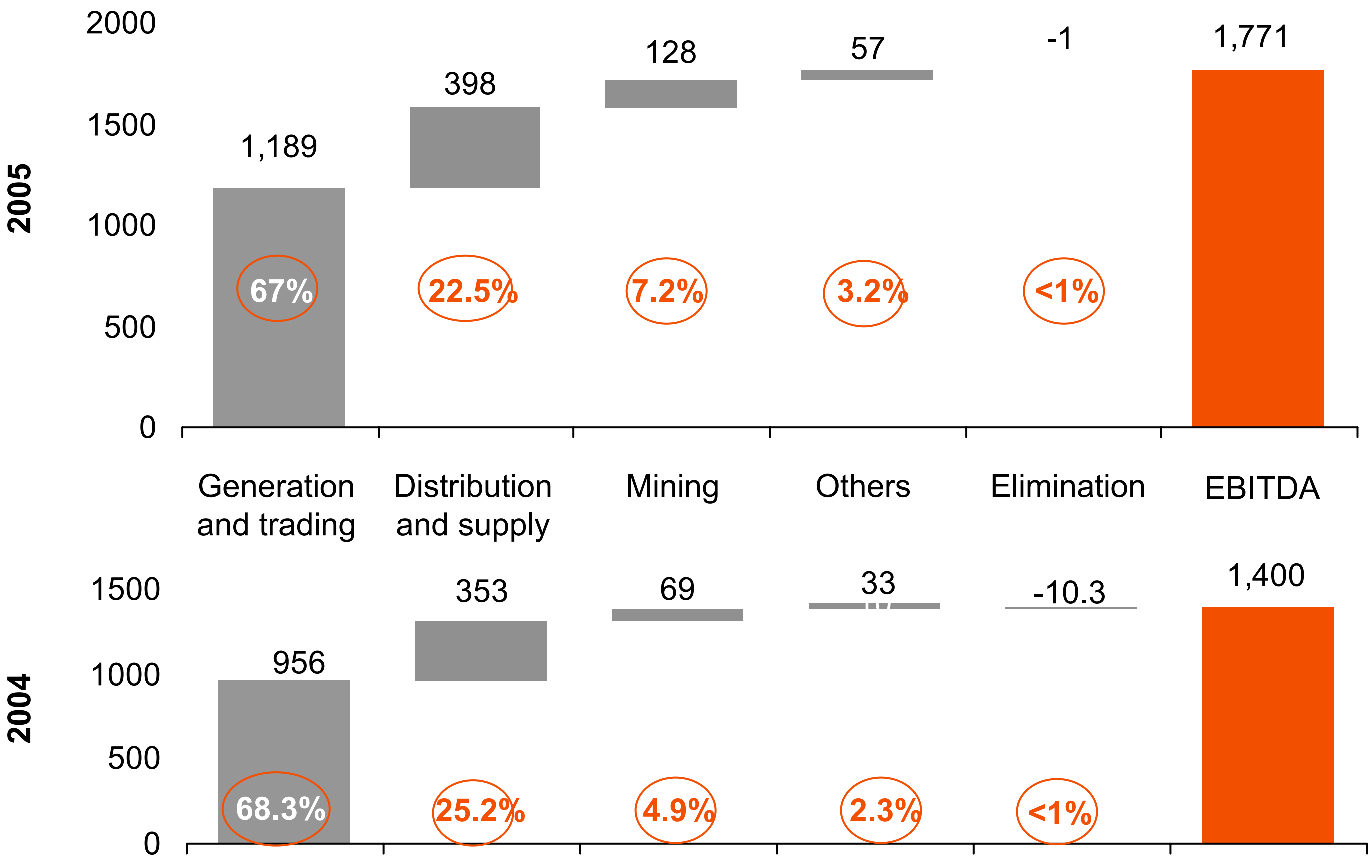
CEZ GROUP MAINTAINS VERY HIGH DYNAMICS IN PROFIT GROWTH



* Ilustrative
Note: Exchange rate CZK/EUR = 28.30

CEZ GROUP PROFITABILITY IS DRIVEN BY GENERATION AND TRADING

EBITDA contribution in 2004 and 2005
EUR m

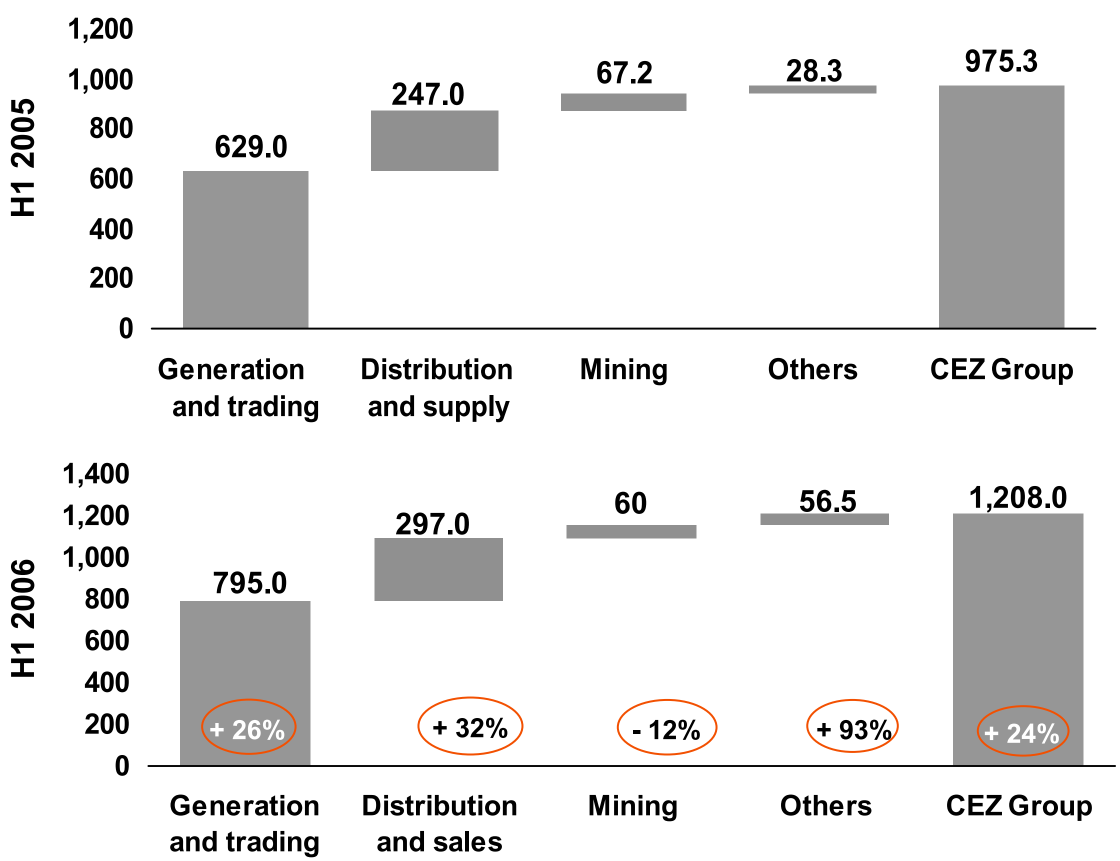


- Generation and trading contribute more than 2/3 to overall group EBIT
- Distribution and supply contribution impacted by one-off items in Czech business in 2004 and 2005
- Foreign distribution companies contributed ~ 4% to total group EBIT in 2005
- Mining contribution in 2004 impacted by one off items

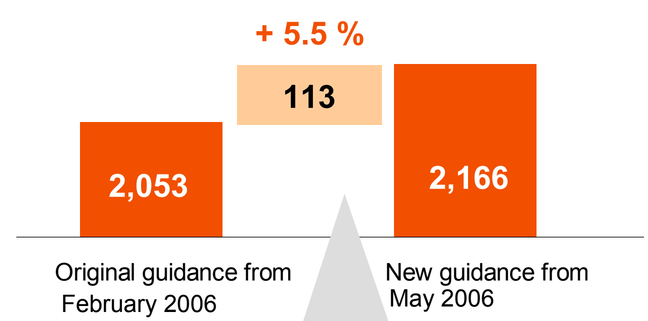
Source: CEZ exchange rate 28.3 CZK/EUR

EXPECTED PROFITABILITY GROWTHS IS CONFIRMED BY THE LATEST SET OF QUARTERLY DATA RESULTING IN IMPROVED GUIDANCE FOR 2006

Contribution to EBITDA of CEZ Group
EUR m

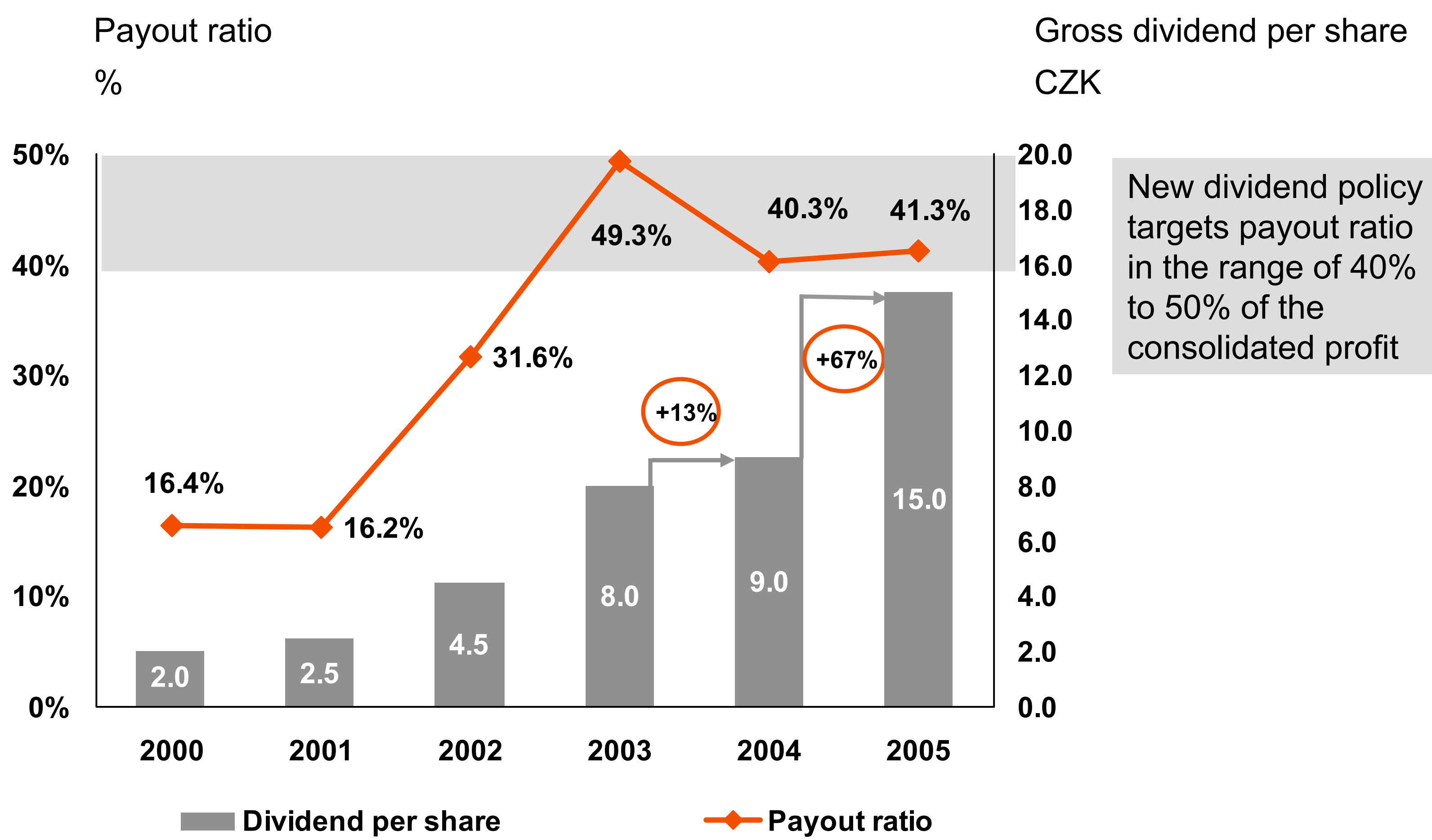


EBITDA of CEZ Group
2006 guidance, EUR m



- **Higher wholesale margin**
- **Higher contribution from foreign operations**
- **Inclusion of Skawina and Elcho**

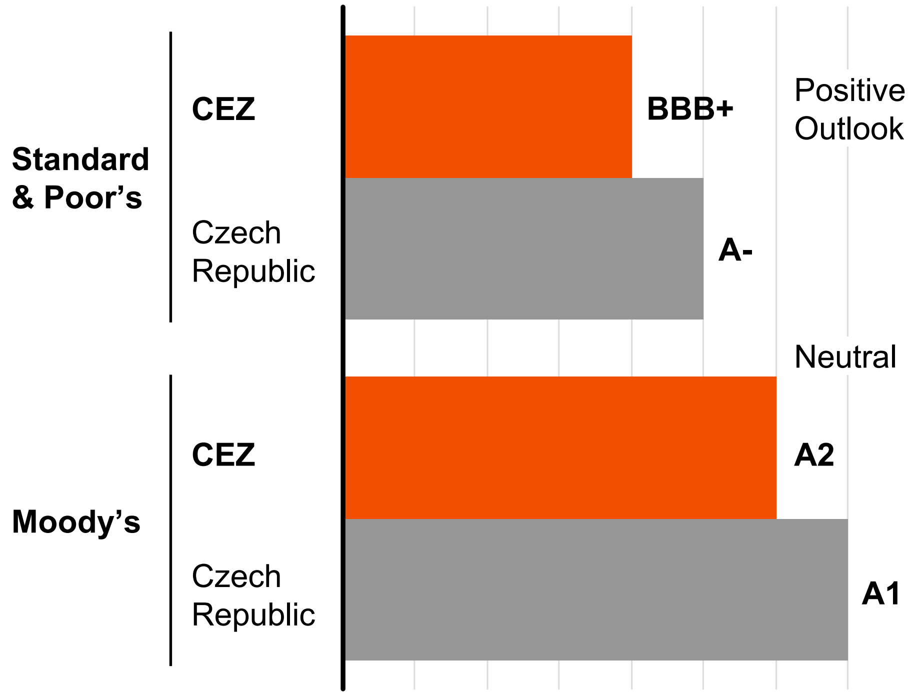
CEZ HAS SIGNIFICANTLY INCREASED IT'S DIVIDENDS IN THE LAST YEARS



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

CEZ MAINTAINS VERY STRONG CREDIT RATING

Credit rating of CEZ and Czech Republic

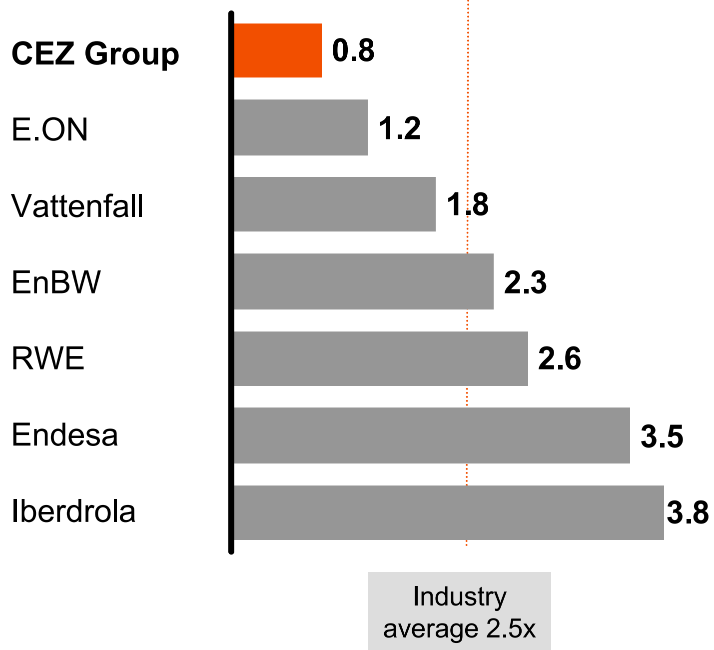


- CEZ has high credit rating just below the country risk
- CEZ has been first rated company in former Eastern Europe (1994)
- CEZ has been first and one of the largest corporate bond issuers in CEE
- CEZ is commited to maintain its strong credit rating

Source: CEZ, rating agencies

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

Debt/ EBITDA
Multiples, 2005

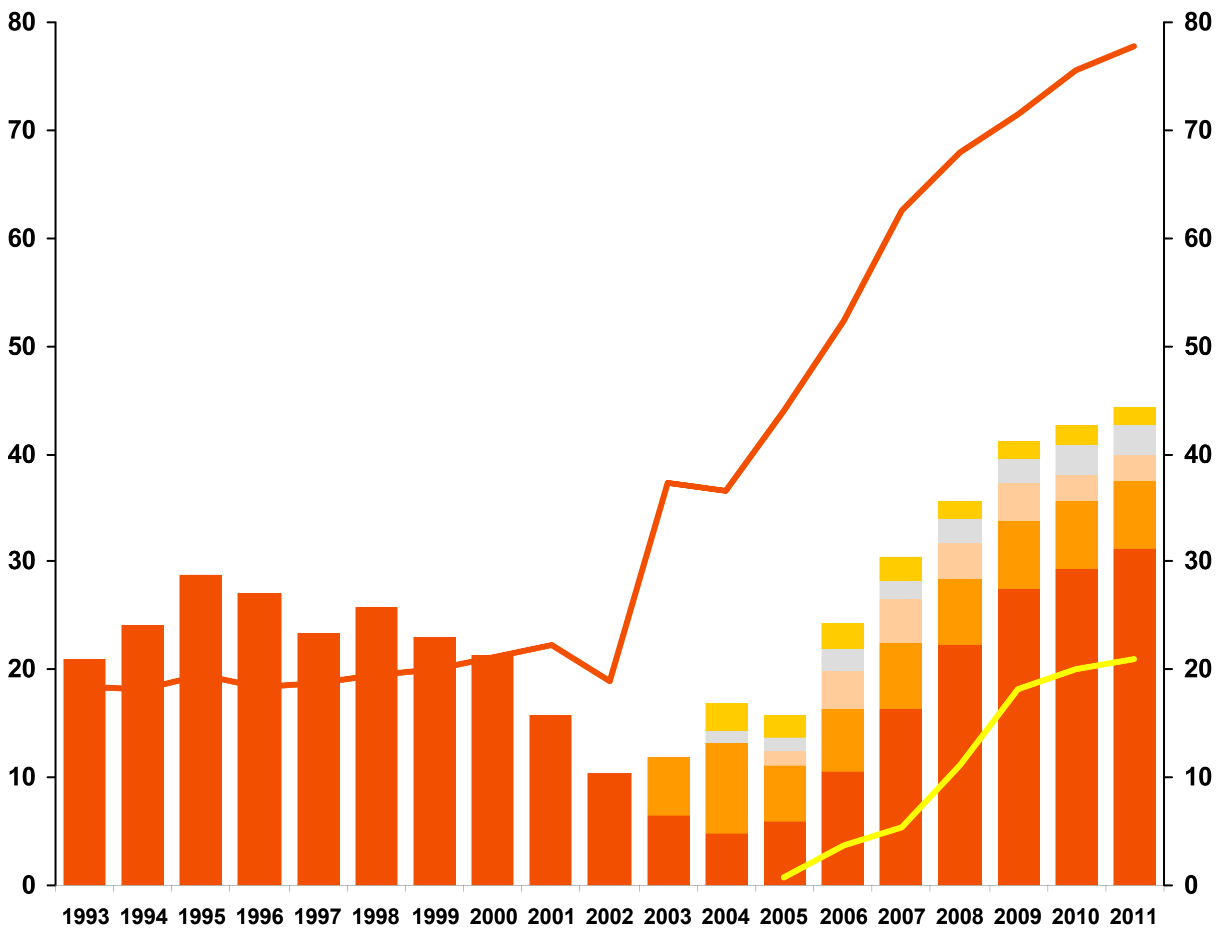


Additional borrowing capacity by 2009:

~ 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



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

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.

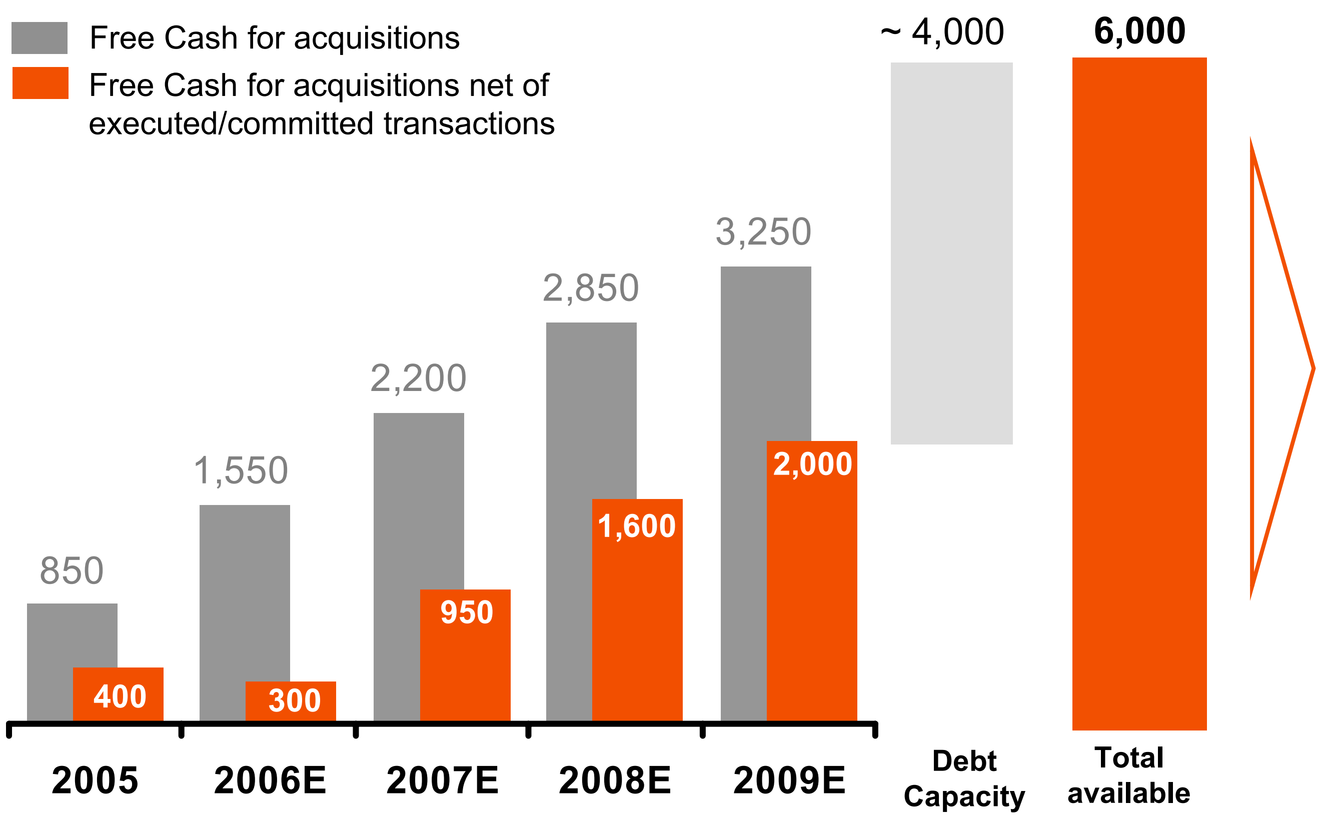
Generation and trading

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

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

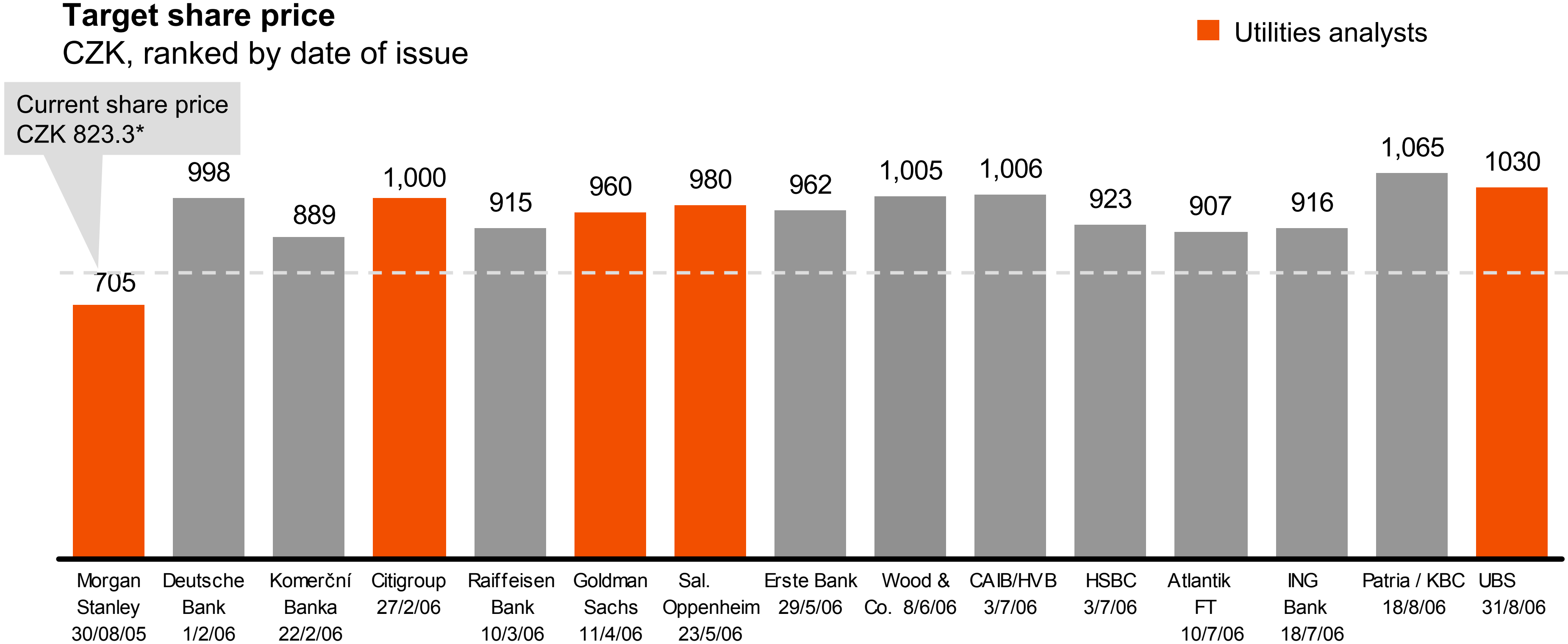
Free cash flow of CEZ Group (cumulative)
EUR million



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

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 buy buy buy buy buy

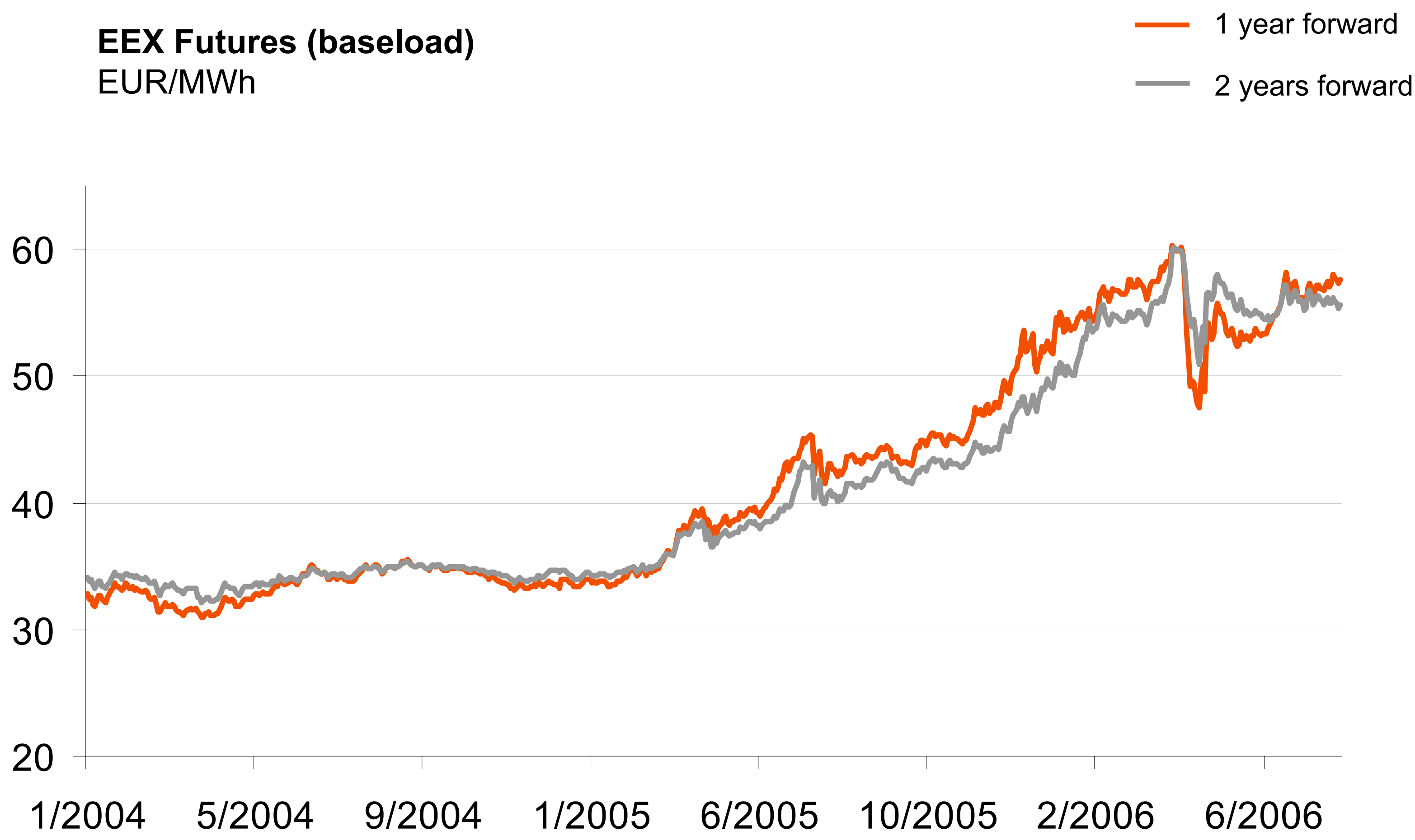
* August 31, 2006
Note:Some of the analysts use different rating for recommendations and/or apply different meaning to target price

Source: Analyst reports

AGENDA

GERMAN POWER PRICES AS BENCHMARK FOR THE REGION CONTINUE INCREASING

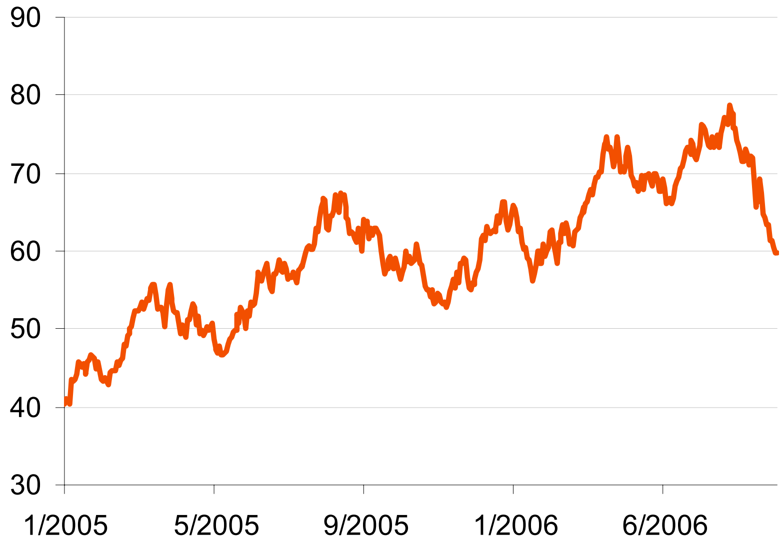
EEX Futures (baseload)
EUR/MWh



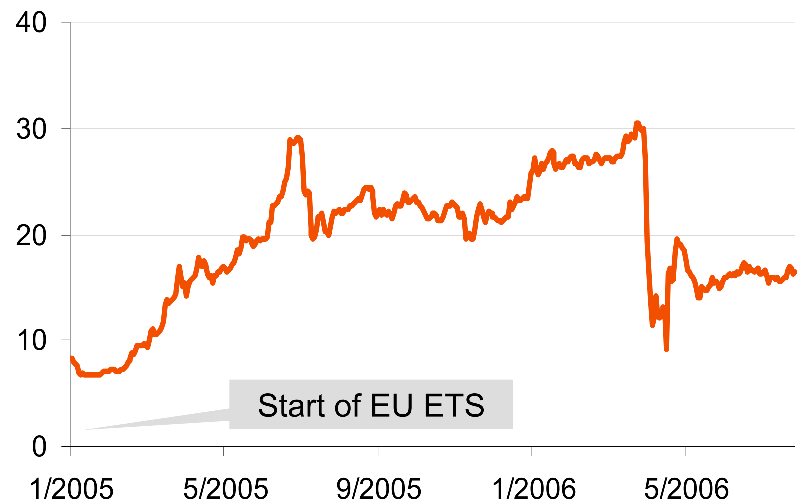
Source: EEX

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

Brent oil
USD / bl



CO_2 allowances
EUR/t



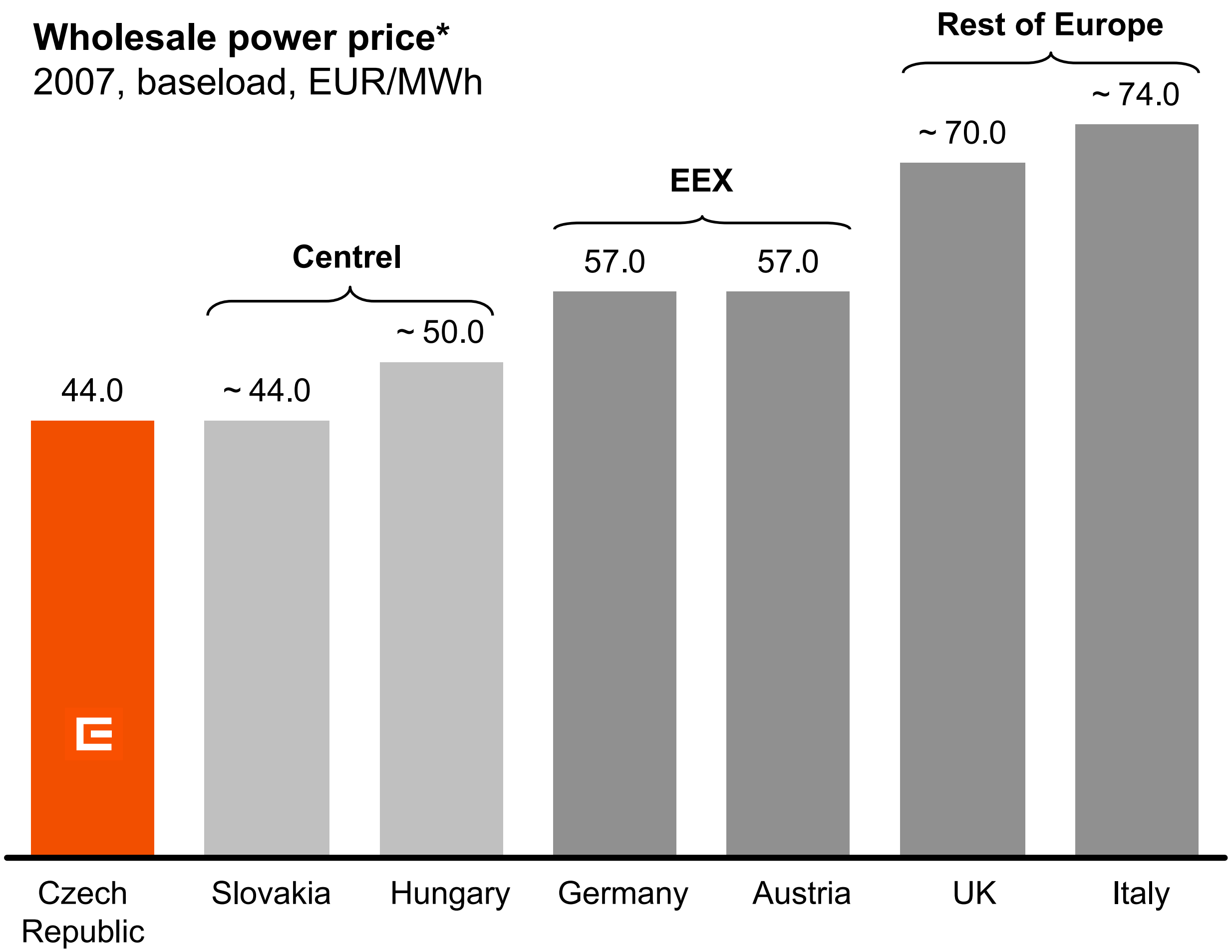
Additional factor

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

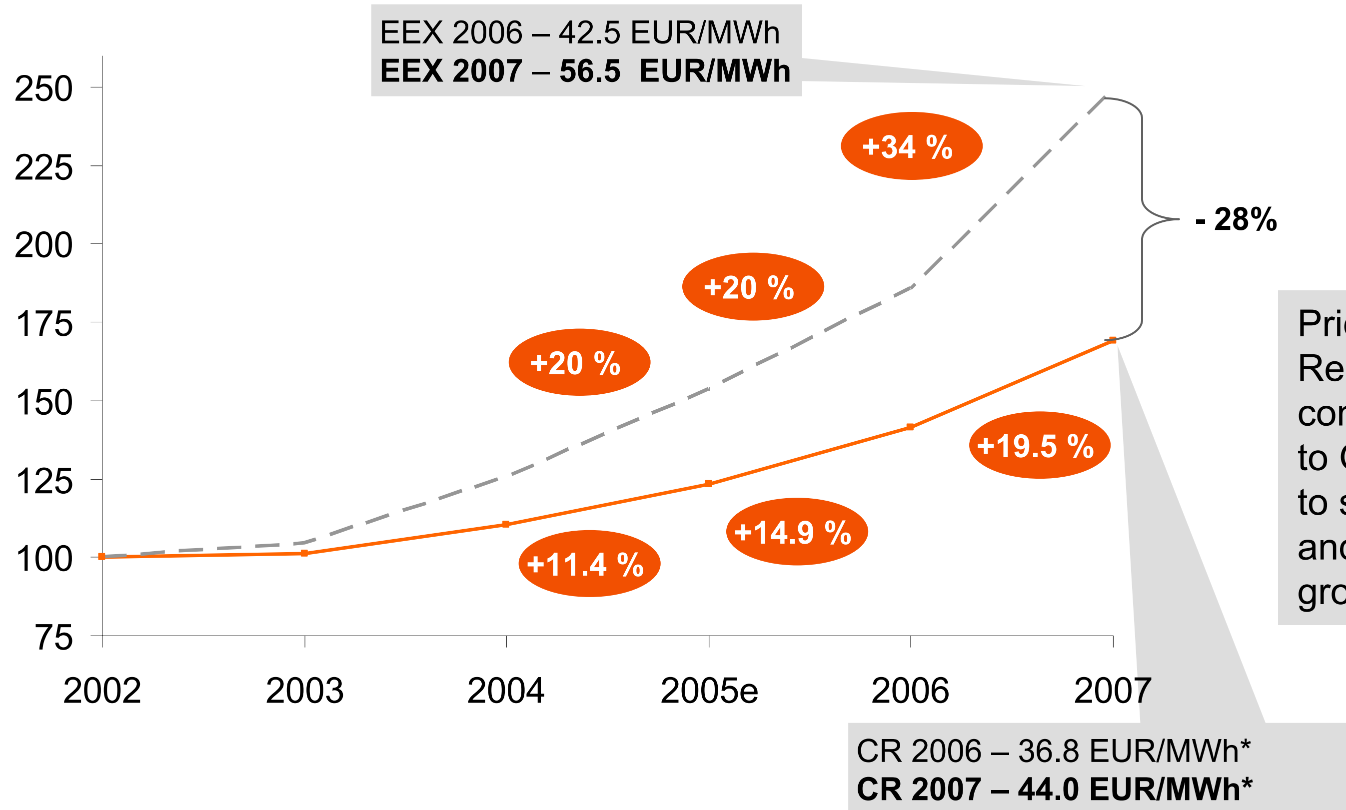


* Comparing 2006 forward price as of 2005, assuming CZK/EUR 28.30, GBP/EUR 1.48

Source: CEZ, EEX, TFS, press

CZECH WHOLESALE PRICES ARE LINKED TO INCREASING GERMAN PRICES

Wholesale power price (baseload)
2002 index

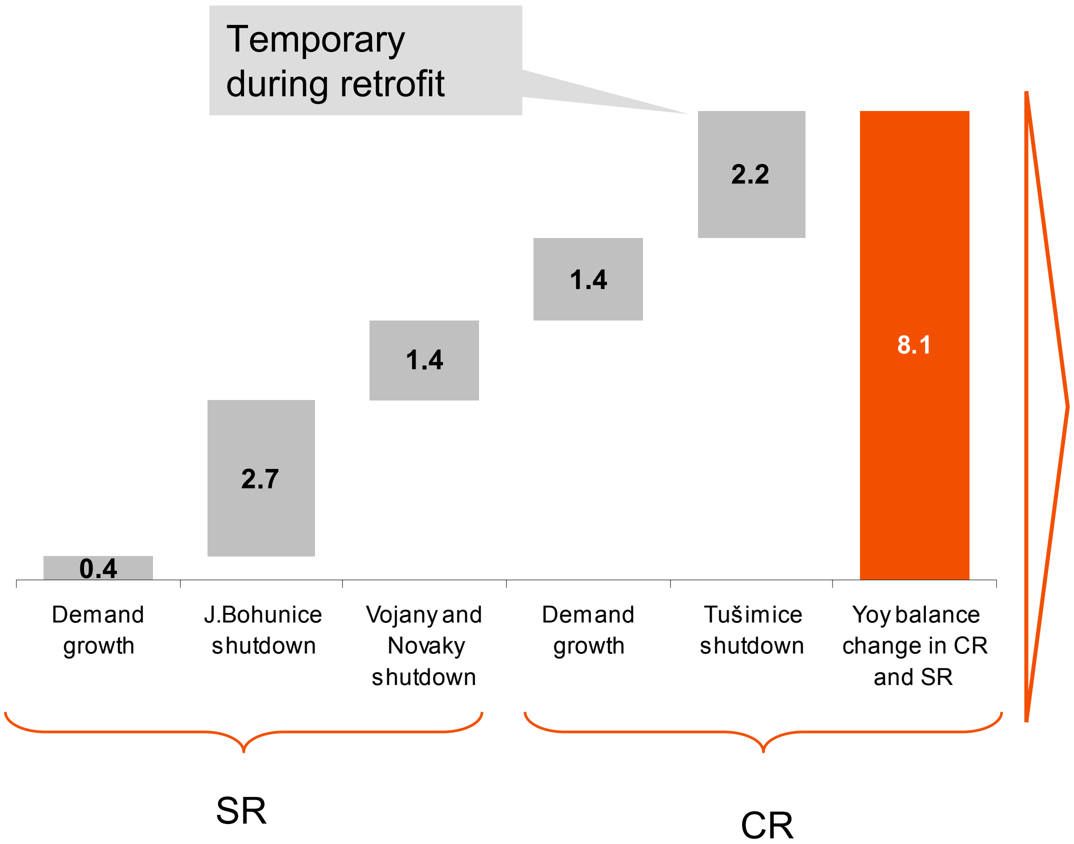


Price in the Czech Republic will continue increasing to German levels due to shortening supply and fast demand growth in the region

* Exchange rate CZK / EUR 28.00

FAST DEMAND GROWTH ALONG WITH SIGNIFICANT POWER CAPACITY DECOMISSIONING AT THE END OF THIS YEAR WILL RESULT IN 8 TWH DEFICIT

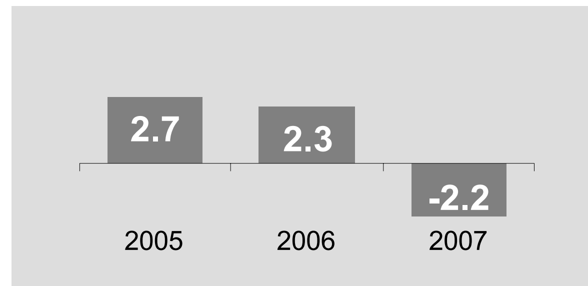
Yoy change of power balance in CR and SR
TWh



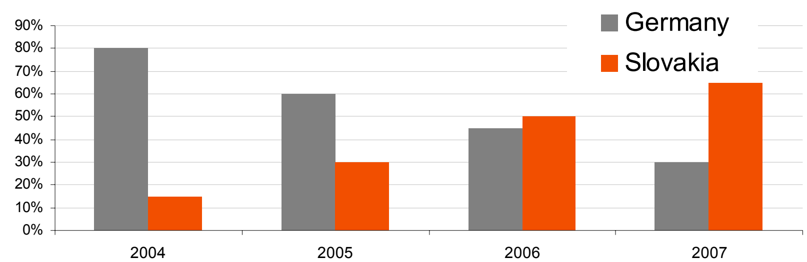
- Elimination of deficit of >8 TWh (approx. 11% CR demand) possible only via
  - imports or
  - initiation of expensive units (till now reserved)
- Both will have a strong impact on regional wholesale price development

CEZ WILL MOVE MOST OF ITS EXPORTS TO SLOVAKIA AND HUNGARY

Slovak import / export power balance



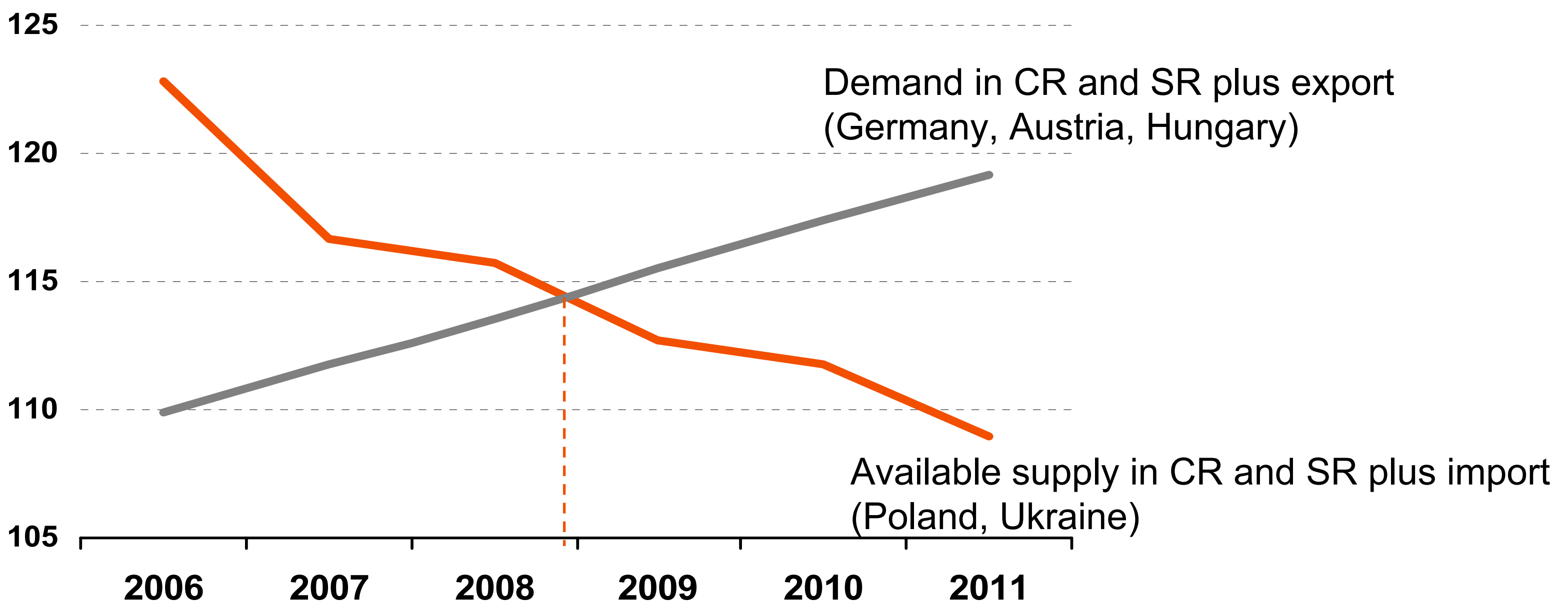
CEZ´s power export structure in %



Export TWh	20	16	14	14

THE REGIONAL CAPACITY SURPLUS WILL DISAPPEAR IN 2008 – 2009 AND MARKETS OF WESTERN AND CENTRAL EUROPE WILL CONVERGE TO ONE PRICE

Czech and Slovak power market balance
TWh



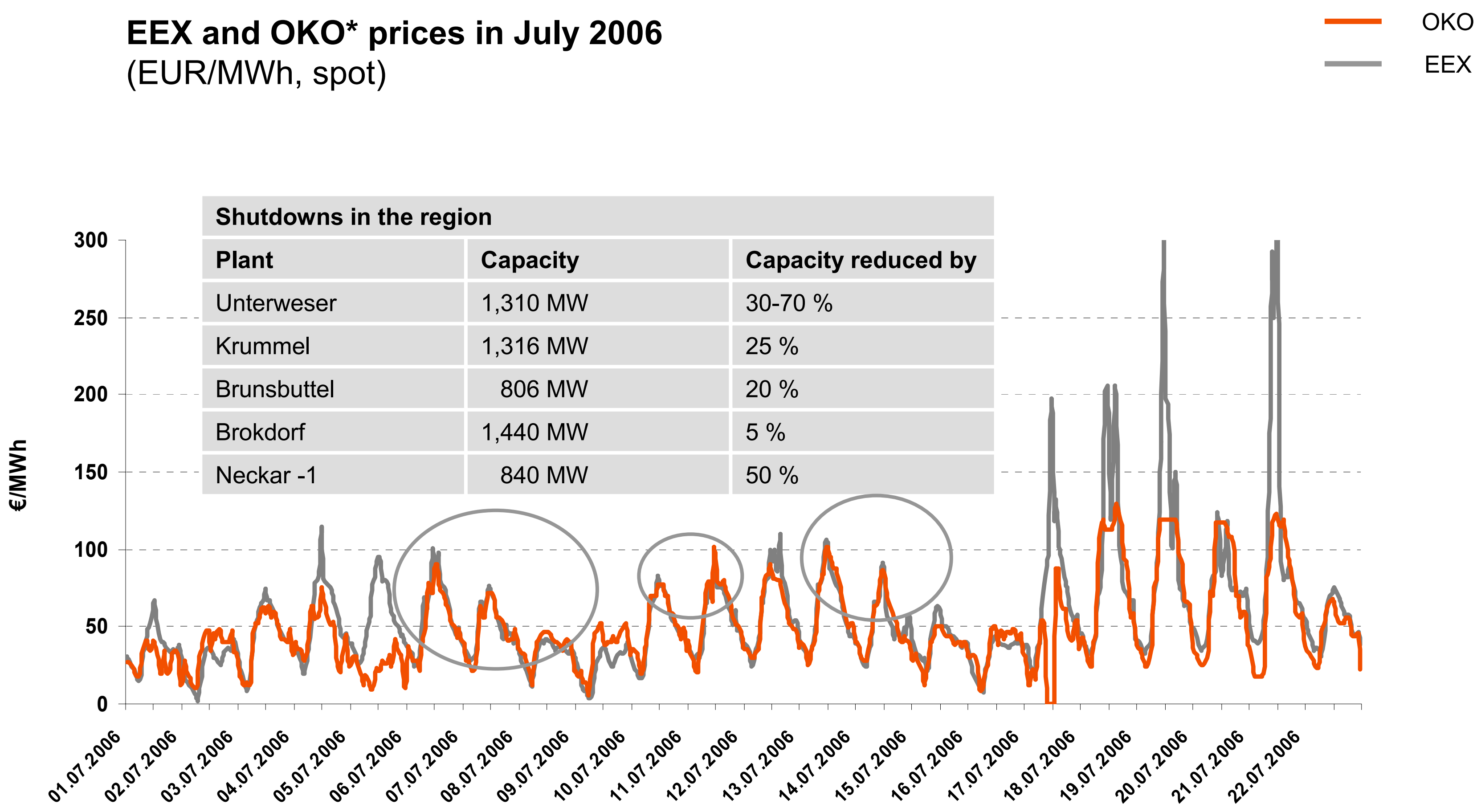
- Starting 2008/9 Czech export capacities will not be fully utilized due to lack of available electricity
- Prices will converge to one level determined by EEX

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

Source: CEZ

LACK OF POWER IMPACTS THE WHOLE REGION AND SPOT PRICES IN CRITICAL MOMENTS GROW SKY HIGH WHILE CZECH AND GERMAN MARKETS COUPLE

EEX and OKO* prices in July 2006
(EUR/MWh, spot)



Shutdowns in the region

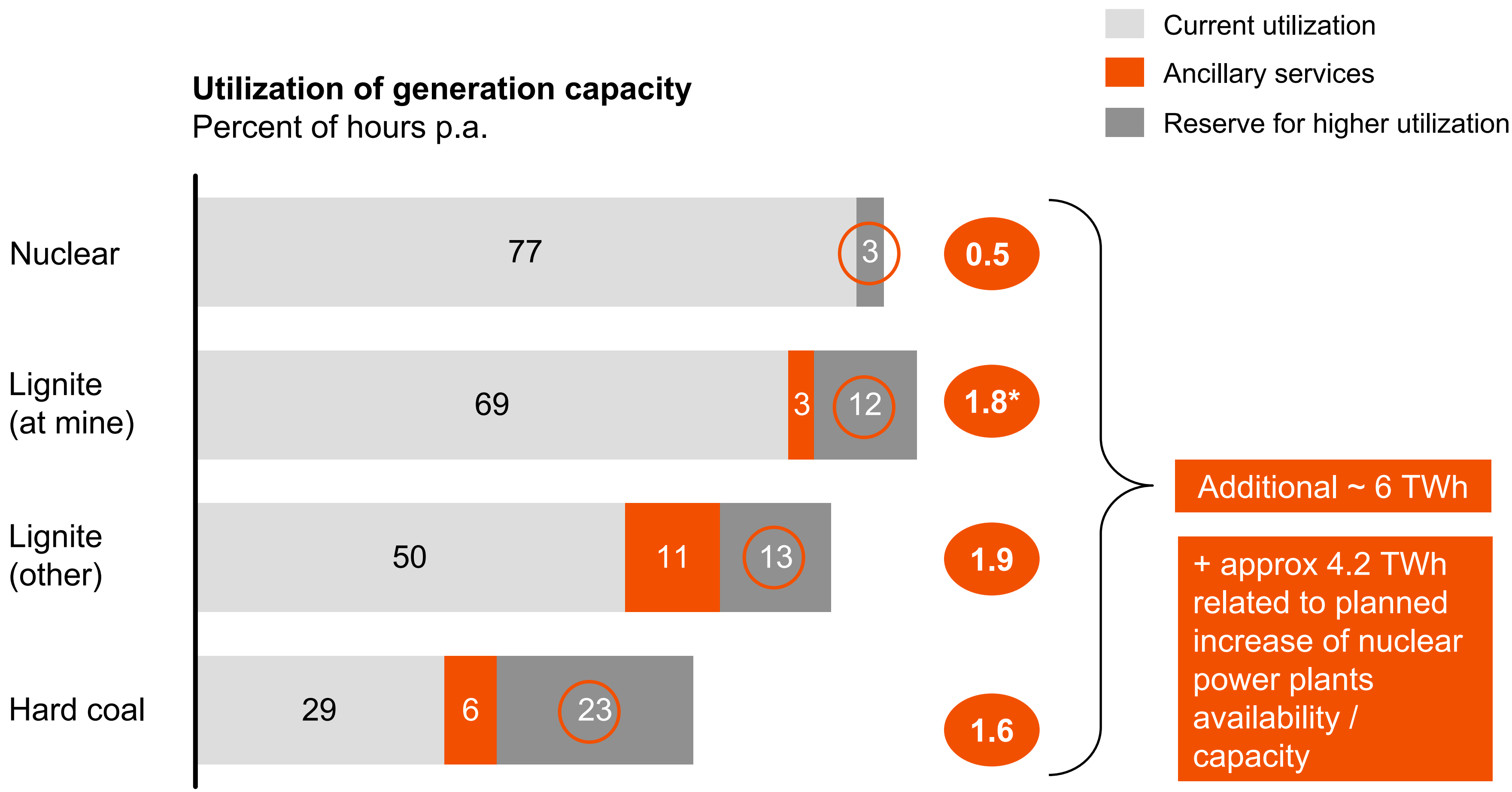
Plant	Capacity	Capacity reduced by
Unterweser	1,310 MW	30-70 %
Krummel	1,316 MW	25 %
Brunsbuttel	806 MW	20 %
Brokdorf	1,440 MW	5 %
Neckar -1	840 MW	50 %

** OKO = Czech Spot Market, organized by OTE*

source: OTE, EEX, Platts

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

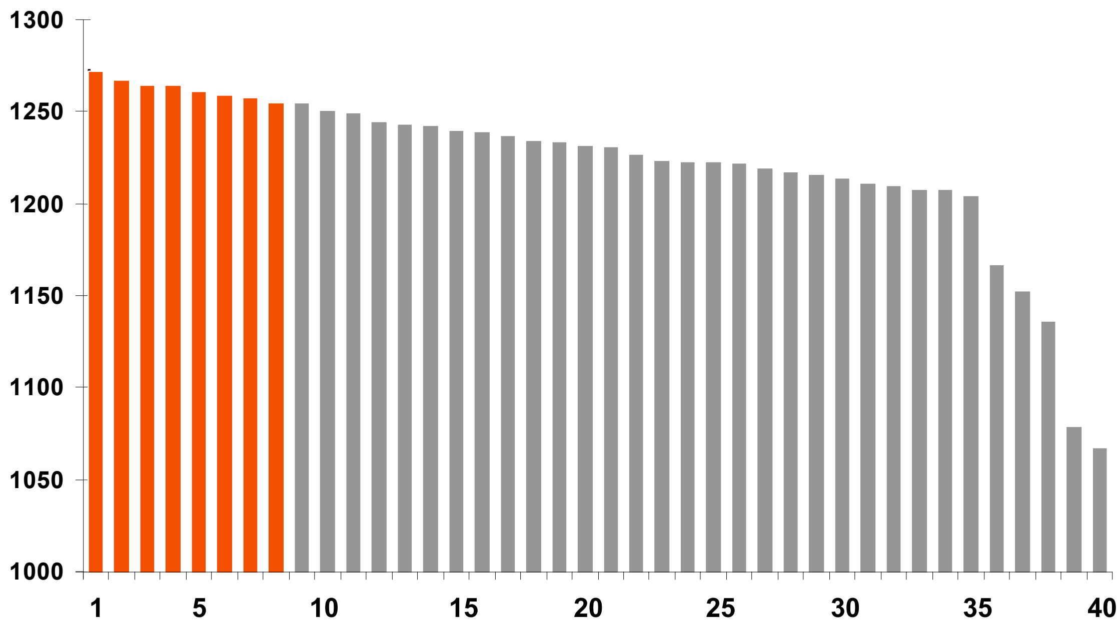
IN THE VIRTUAL POWER PLANT AUCTION DEMAND HAS DRIVEN 2007 BASE LOAD PRICE 17.1% ABOVE 2006 LEVEL

Key outcomes of virtual power plant auction

- 18 registered participants, out of which 15 complied with auction rules
- Total of 40 bids submitted
- Successful bids in the range of 1,255 – 1,273 CZK/MWh
- Implied base load price average increase 17.1% (1,220 CZK/MWh)

Power prices in virtual power plant auction – overview of all bids

implied price (CZK/MWh)



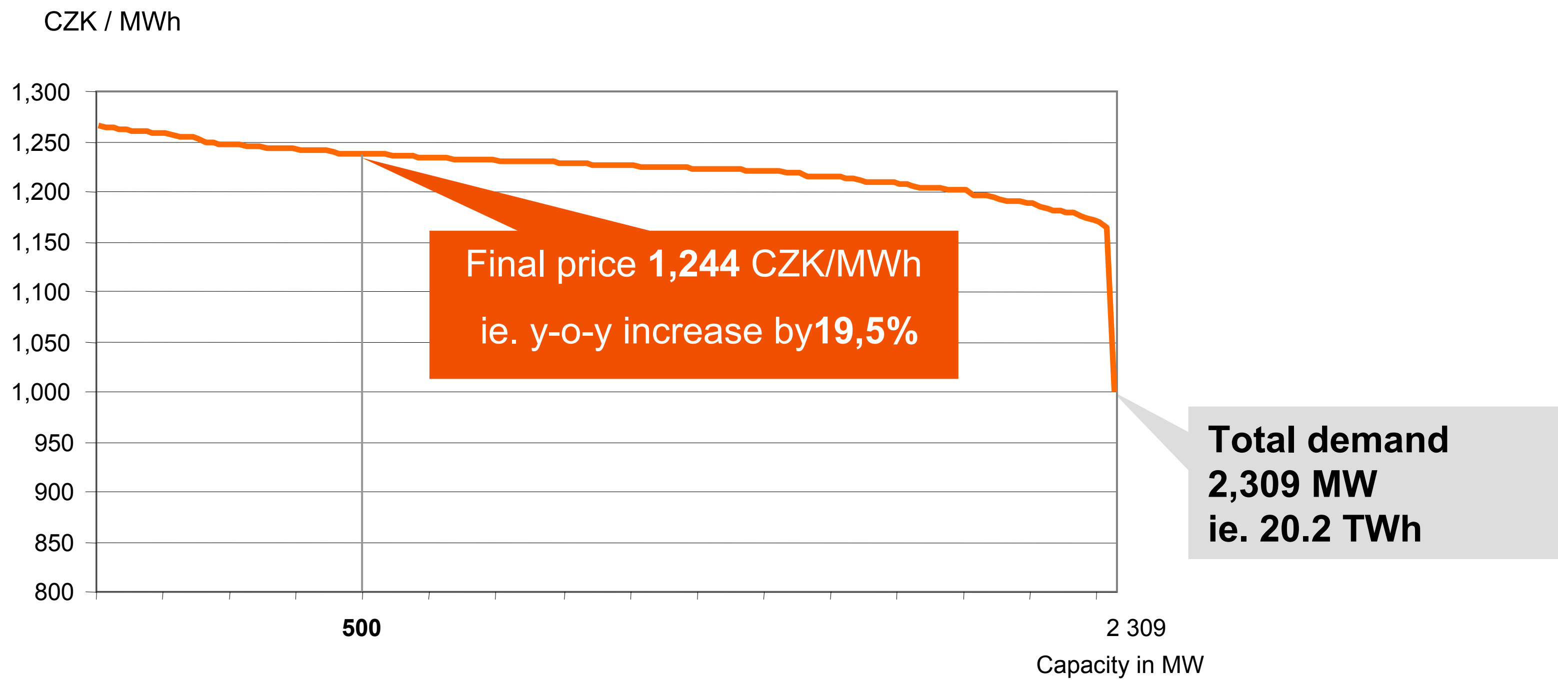
- 80 % of bids at average price of 1,239.50 CZK/MWh (14.9% above 2006 level)

SECOND WHOLESALE AUCTION ATRACTED EVEN MORE INTEREST LEADING TO 2007 BASE LOAD PRICE INCREASE BY 19.5% WHILE PEAK PRODUCTS WERE KEPT AT 10.8% INCREASE OVER 2006 PRICES

Main results of the annual base load auction

- 22 registered participants (all complied with auction rules)
- 167 bids submitted – 2,309 MW (i.e. 20.2 TWh)
- Demand exceeded volume offered by a factor of more than 5
- Accepted bid were in the range of 1,322 – 1,244 CZK/MWh

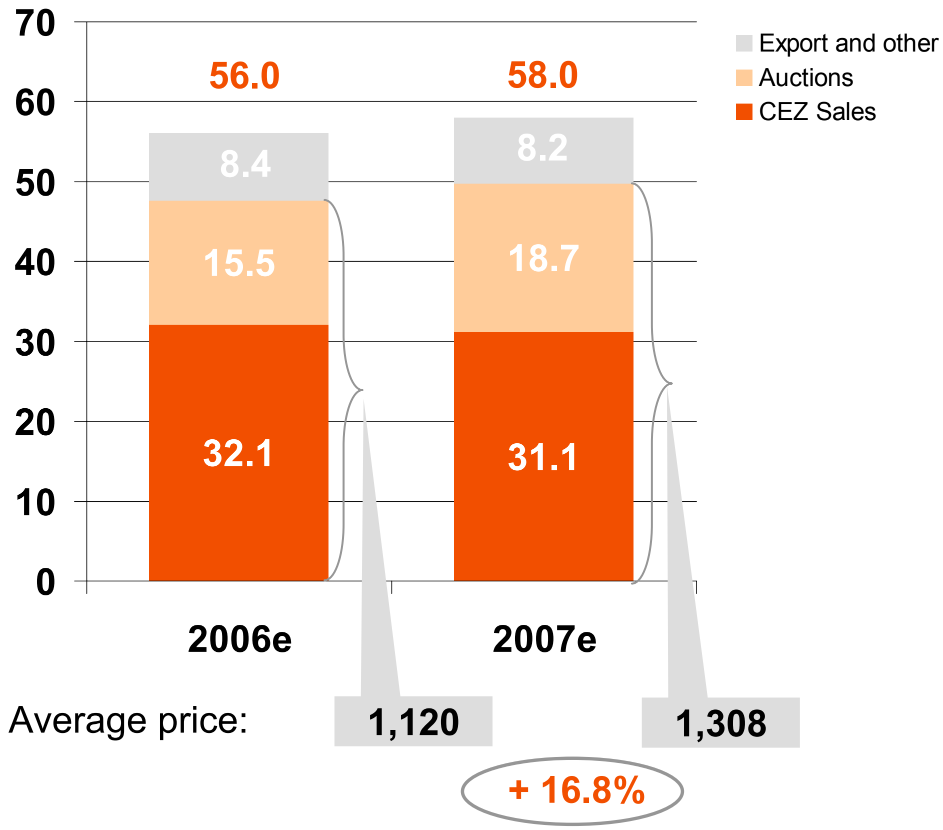
Review of all bids for 2007 annual base load



CEZ WILL SEE RECORD HIGH POWER GENERATION VOLUME IN 2007

Expected power sales from CEZ Generation

TWh



- Demand in the auctions exceeded expectations
- High demand confirms expected supply/demand squeeze in the region
- CEZ expects to exceed the record high generation of 2004
- CEZ shifted risk related with cross border capacities onto other trades and decided to refrain from exports to Germany and Austria

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

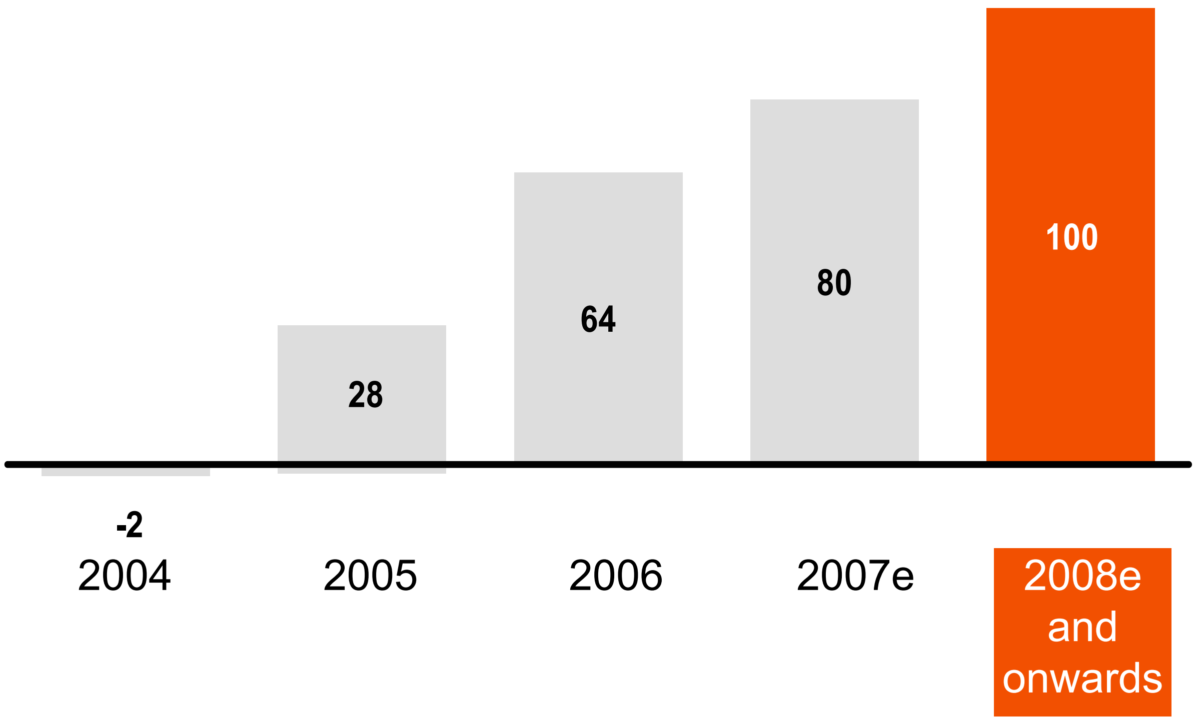
CEZ Distribuce
- Distribution

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

…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%

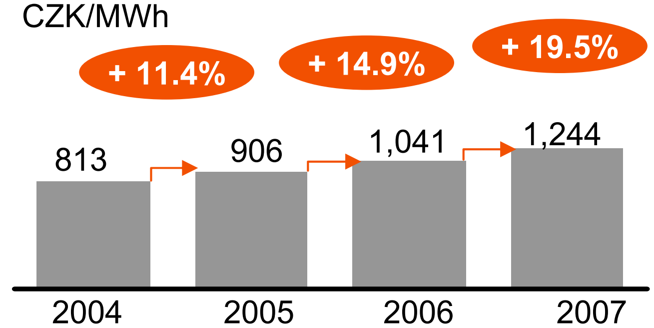
- Since January 2006 Distribution is the only regulated part of the value chain

Source: CEZ, ERU

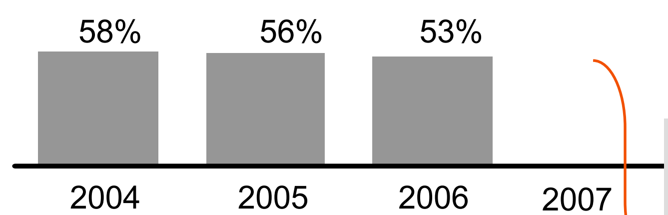
CEZ GROUP CONTINUES INCREASING SALES MARGIN WHILE PROTECTING MARKET SHARE

Distribution regions of CEZ Group

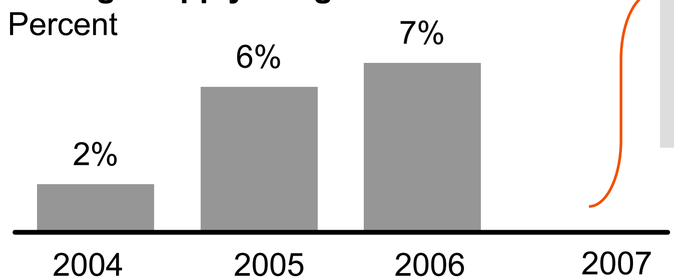
Domestic wholesale baseload
CZK/MWh



Market share in power supply
Percent of MWh



Average supply margin
Percent



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

Target:

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

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

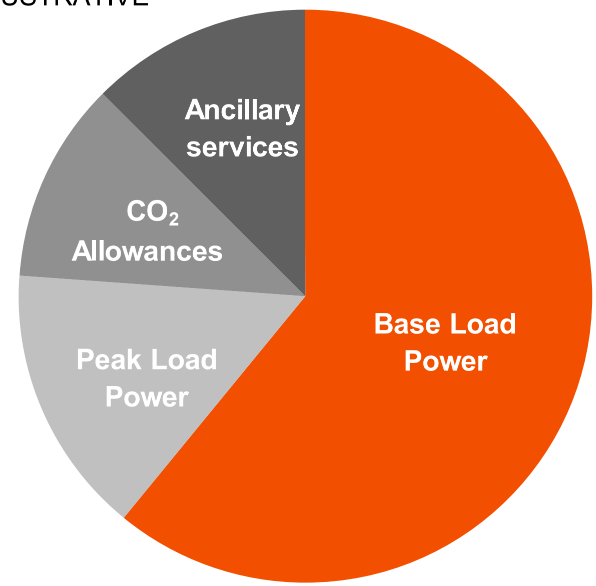
Development of domestic end customer market share

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

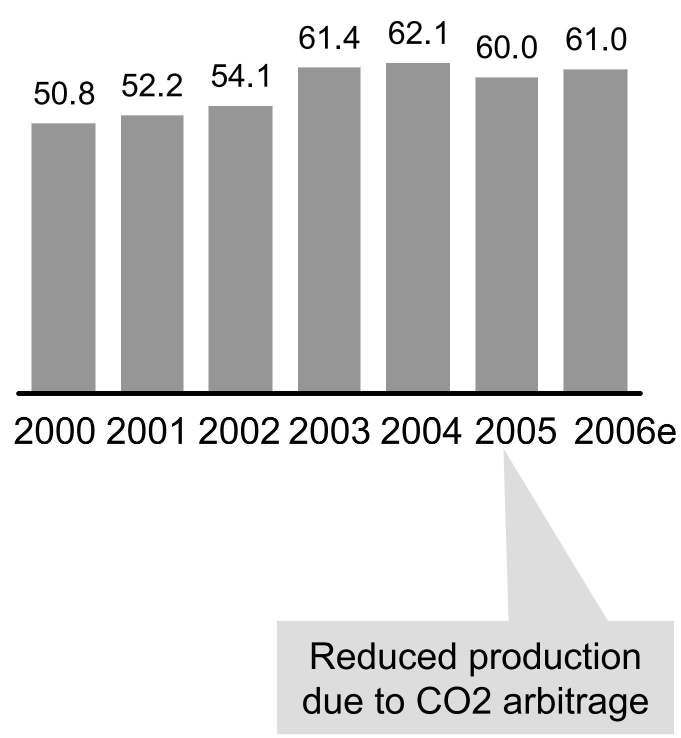
CEZ SALES STRATEGY IS FOCUSED ON MAXIMIZING WHOLESALE MARGIN GIVEN THE AVAILABLE SALES OPTIONS

Split of wholesale margin by sales options

ILLUSTRATIVE



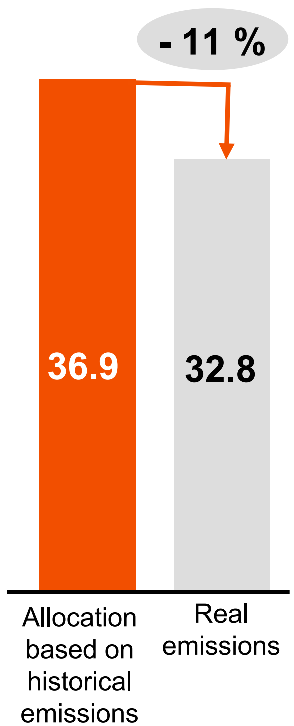
Annual production of CEZ Group
TWh



Source: CEZ

CEZ IS EARNING ADDITIONAL MARGIN FROM SAVING CO_2 ALLOWANCES

CO2 Emissions
Mil. Tons, 2005



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

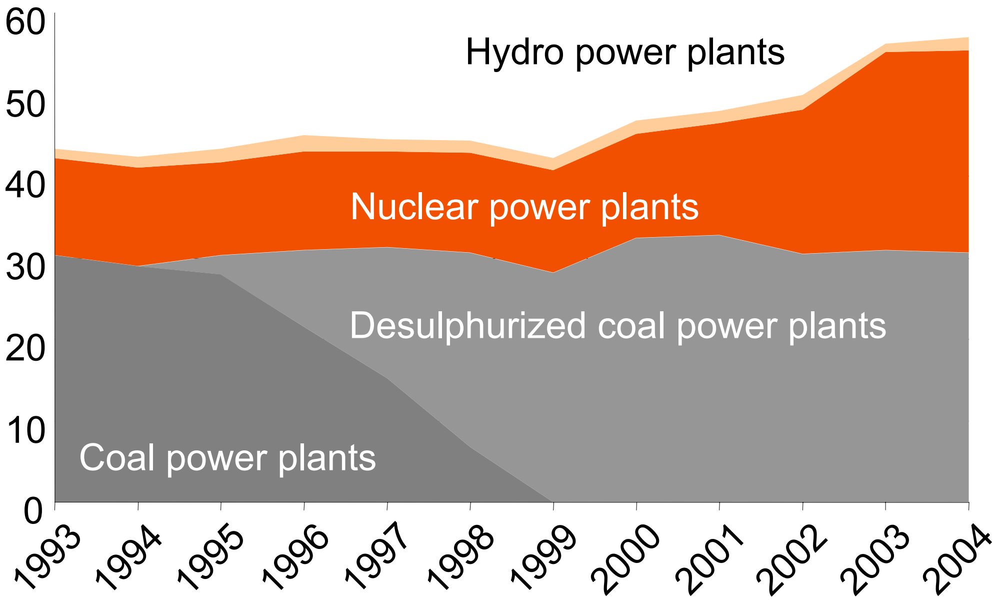
- Implementation of more accurate measurement systems
- Opportunity cost of CO2 emission considered in all decisions

Additional costs of the emission savings compensated from sales of saved CO2 allowances

AGENDA

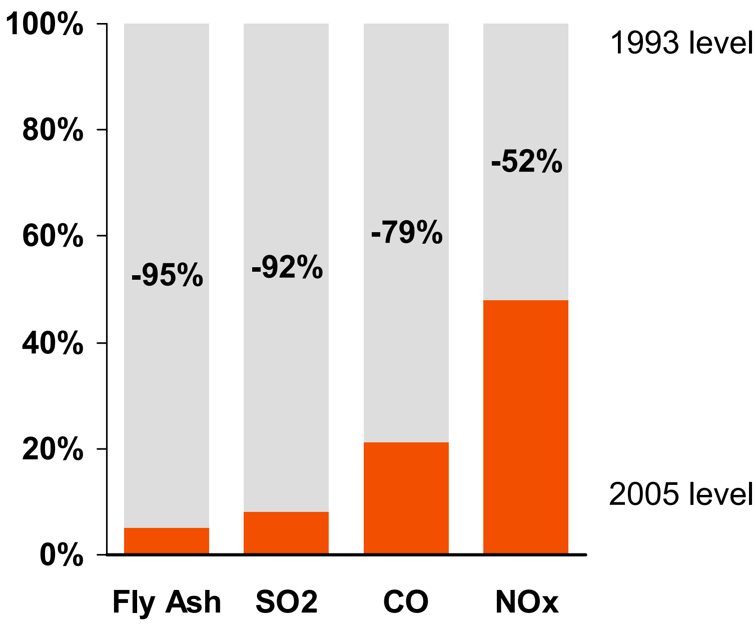
CEZ OPERATES THE ONLY CLEAN GENERATION FLEET IN CEE

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

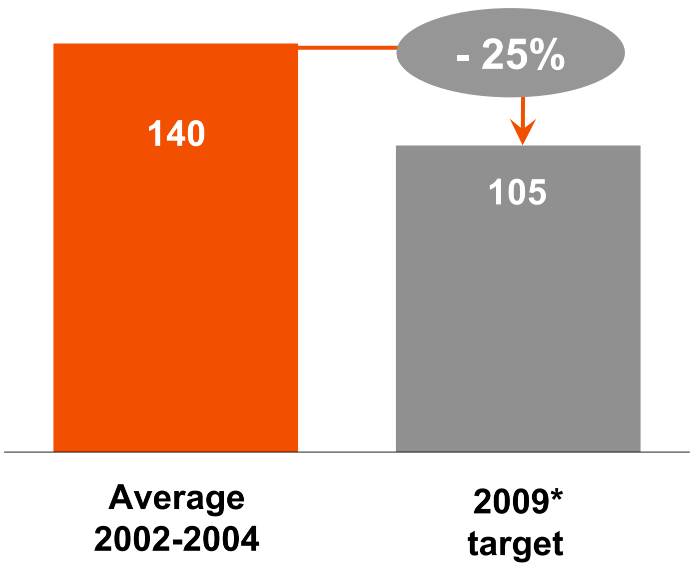


Source: CEZ

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

CEZ targets to reduce average repairs and maintenance cost

EUR m



Key tasks to achieve target

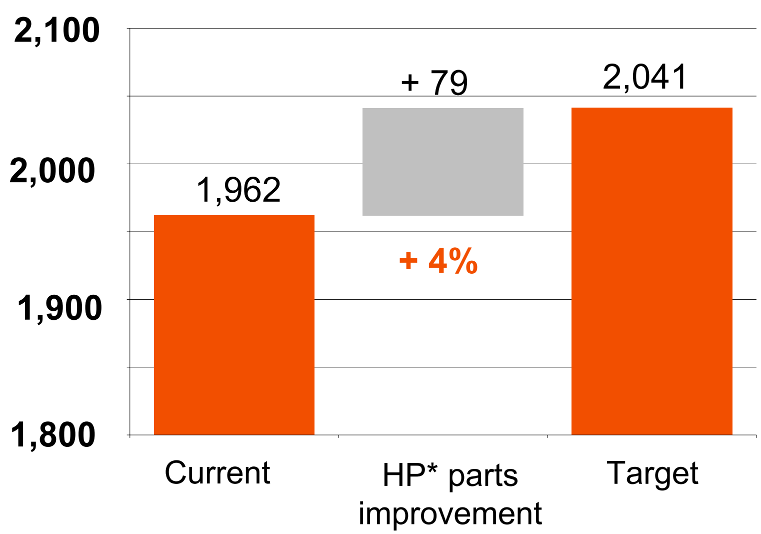
- Introduction of adaptive R&M to reduce workload by 50%
- Centralization of preparation R&M to save 20% personnel costs
- Centralization of R&M procurement to reduce related costs by 25%
- Decrease number of suppliers by 70%
- Divestiture of redundant R&M subsidiaries

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

Note: exchange rate CZK/EUR = 28.5

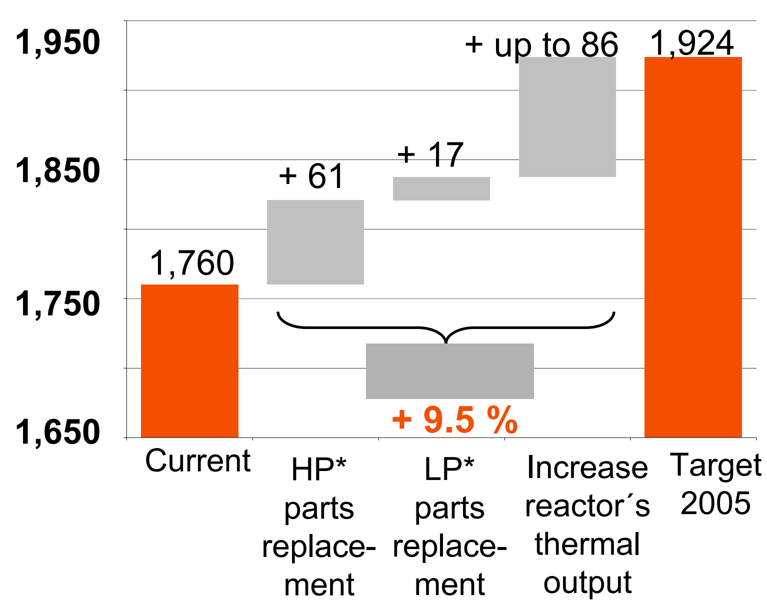
NUCLEAR CAPACITY WILL INCREASE BY 9.5% BY 2012 IN DUKOVANY AND IN TEMELIN BY 4% BY 2008

Temelin capacity increase
MW



Additional production of 0.6 TWh

Dukovany capacity increase
MW



Additional production of 1.3 TWh

Status:

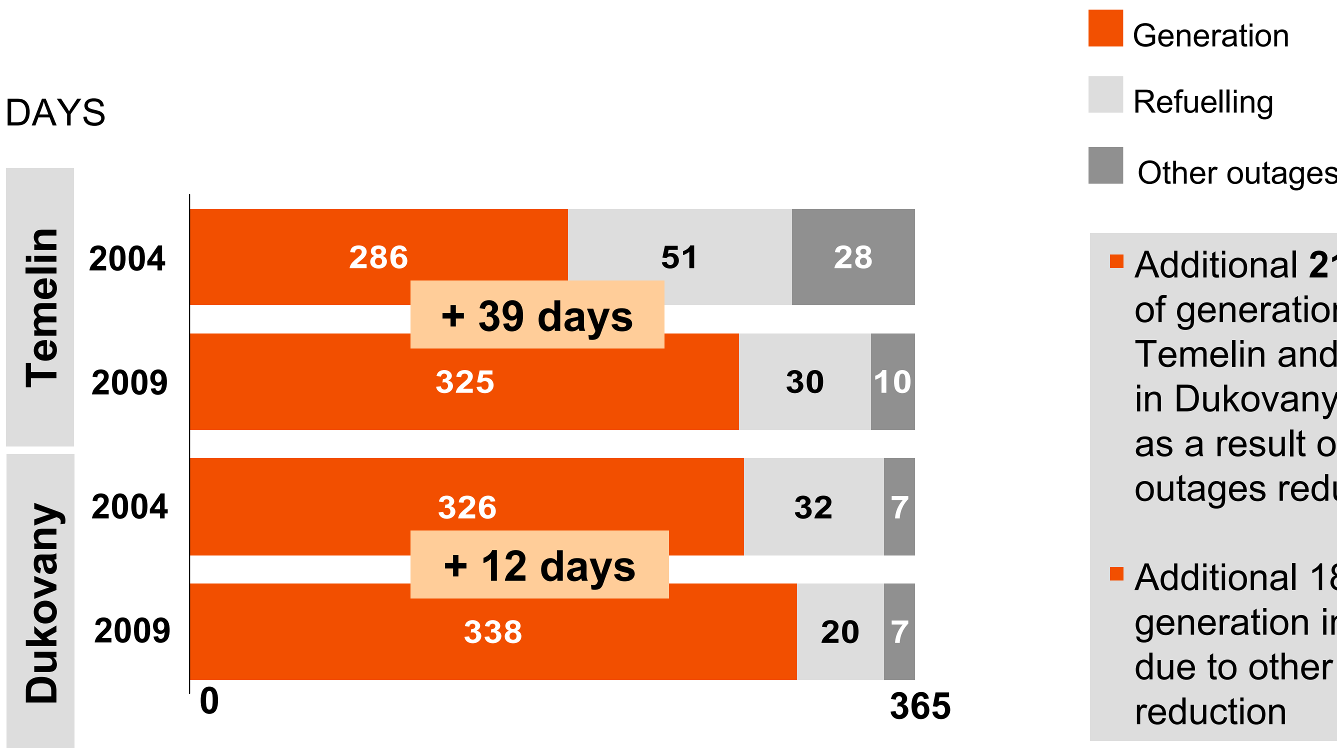
Temelin:
- Project contracted

Dukovany:
- First project already implemented and running
- Test in implementation, most tasks contracted

* HP – High Pressure, LP – Low Pressure

Source: CEZ

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

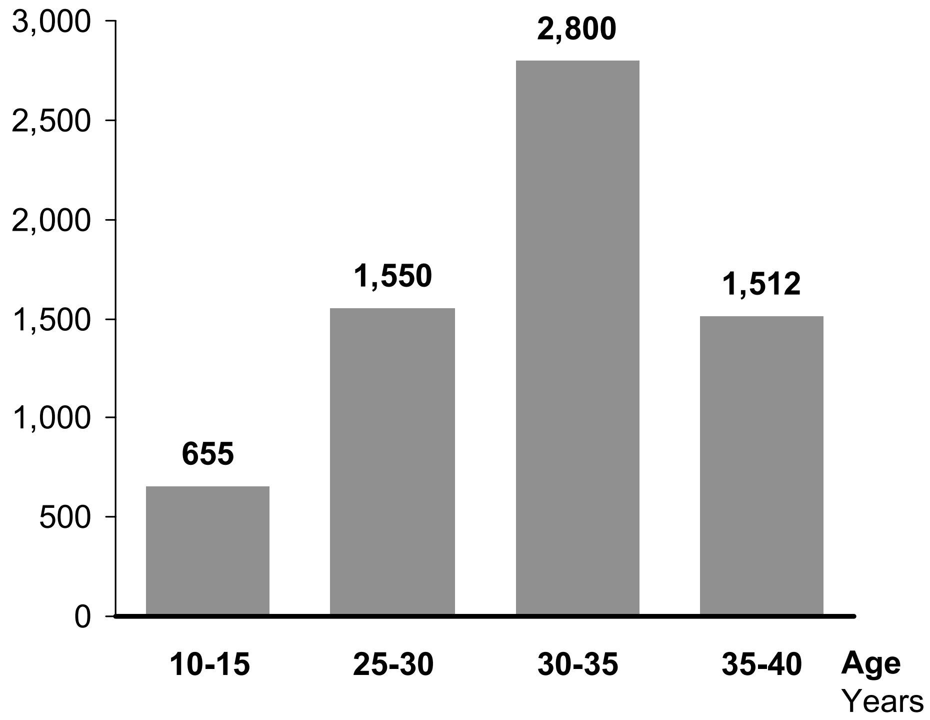


- Additional **21 days** of generation in Temelin and **12 days** in Dukovany by 2009 as a result of refueling outages reduction
- Additional 18 days of generation in Temelin due to other outages reduction

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

Source: CEZ

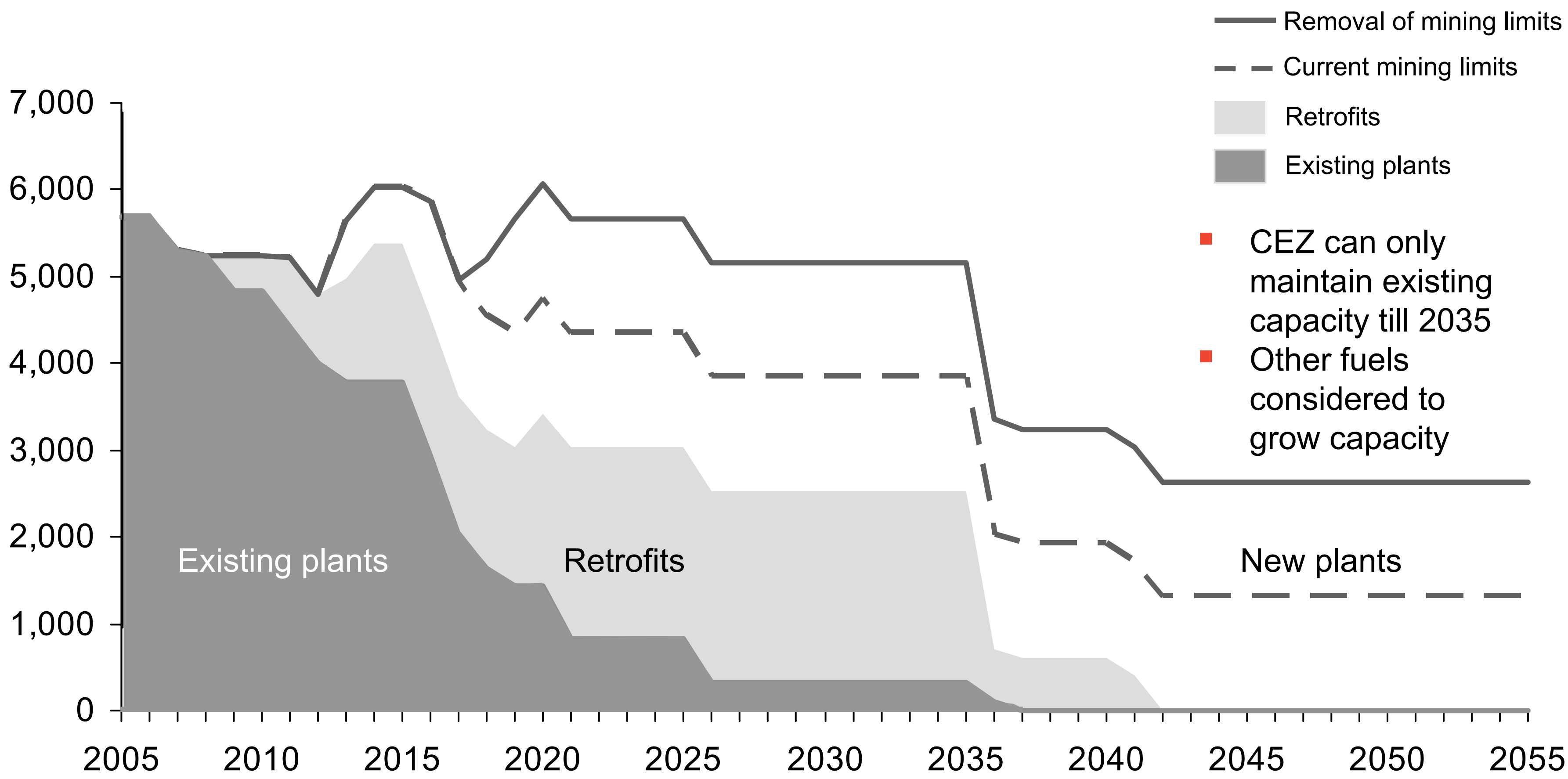
CEZ INTENDS TO BUILD ITS FUTURE PLANT FLEET MAINLY AROUND MODERN TECHNOLOGY LIGNITE PLANTS

	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

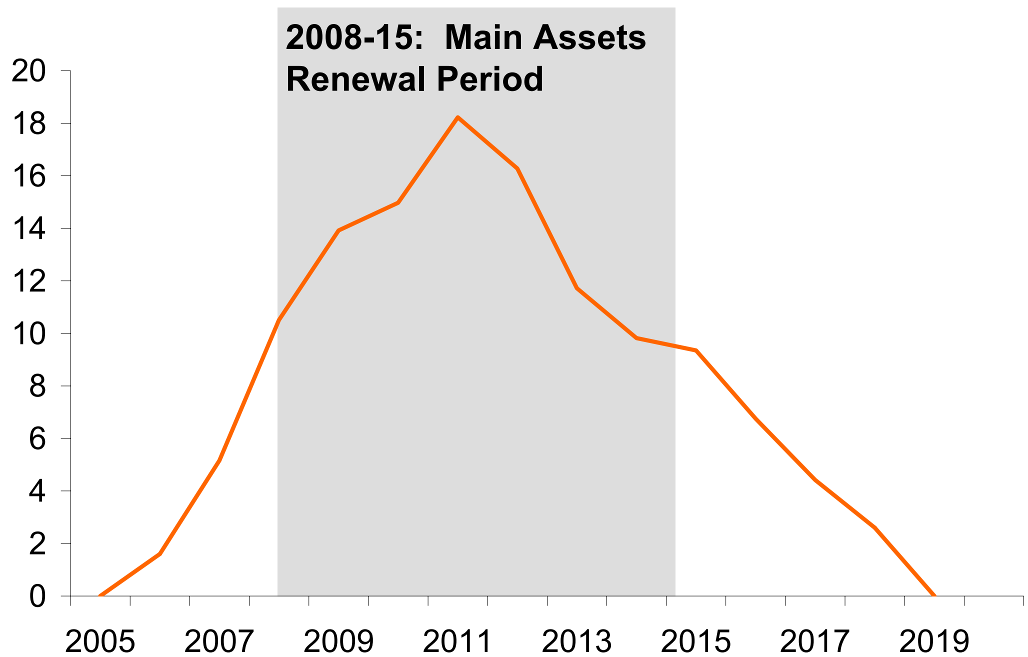
Installed capacity
MW



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

CAPEX FOR LIGNITE PLANTS RENEWAL WILL REACH CZK 125BN* AND BRING 14-25% EFFICIENCY UPLIFT

Expected CAPEX – conservative scenario
CZK bn



* Estimate, inflation adjusted

Projects overview

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

Retrofits

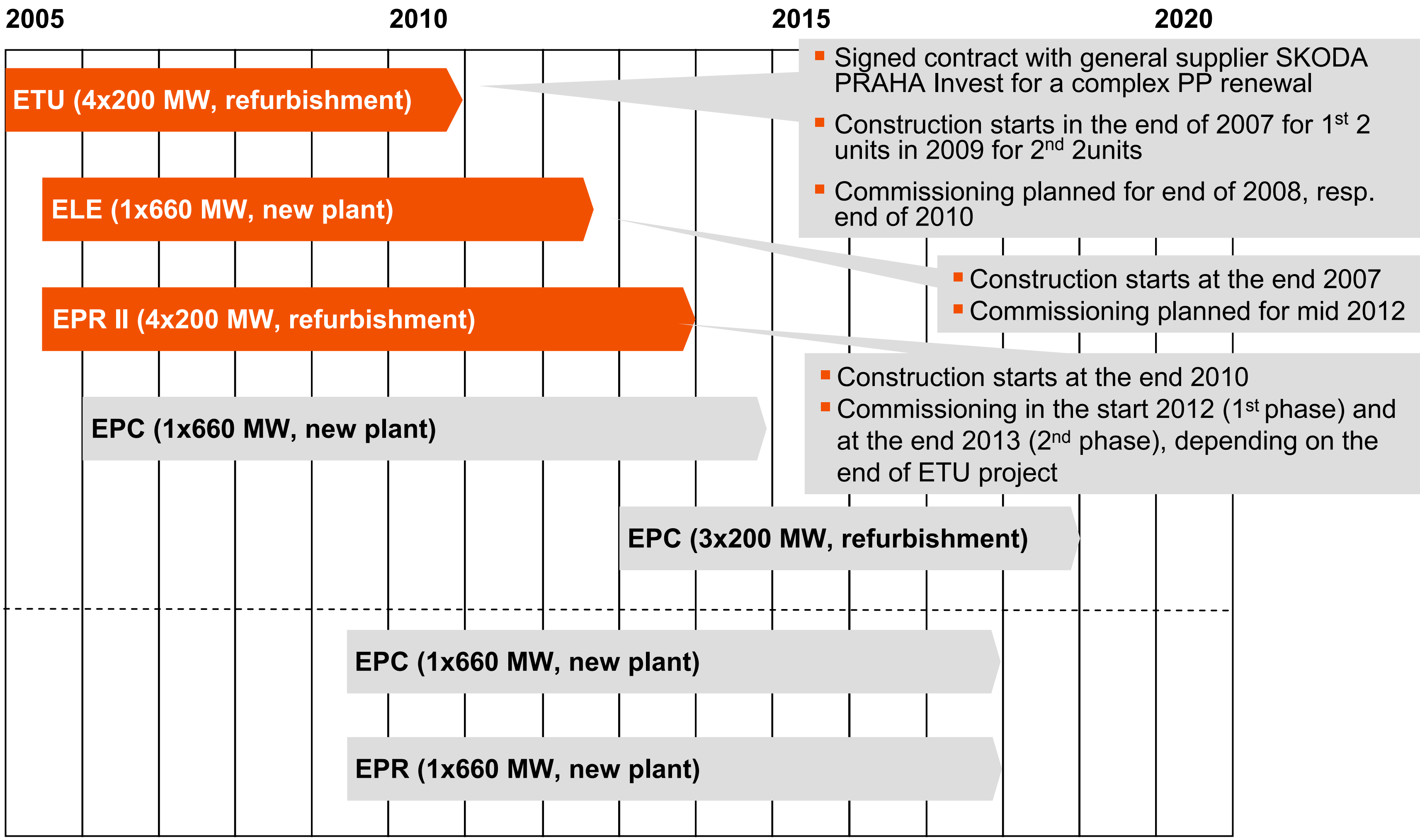
- Gross efficiency improvement from 36% to 41%
- Less CO_2 production
  - Tušimice II 4 x 200 MW
  - Prunéřov II 4 x 200 MW
  - Počerady 3 x 200 MW

New units

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

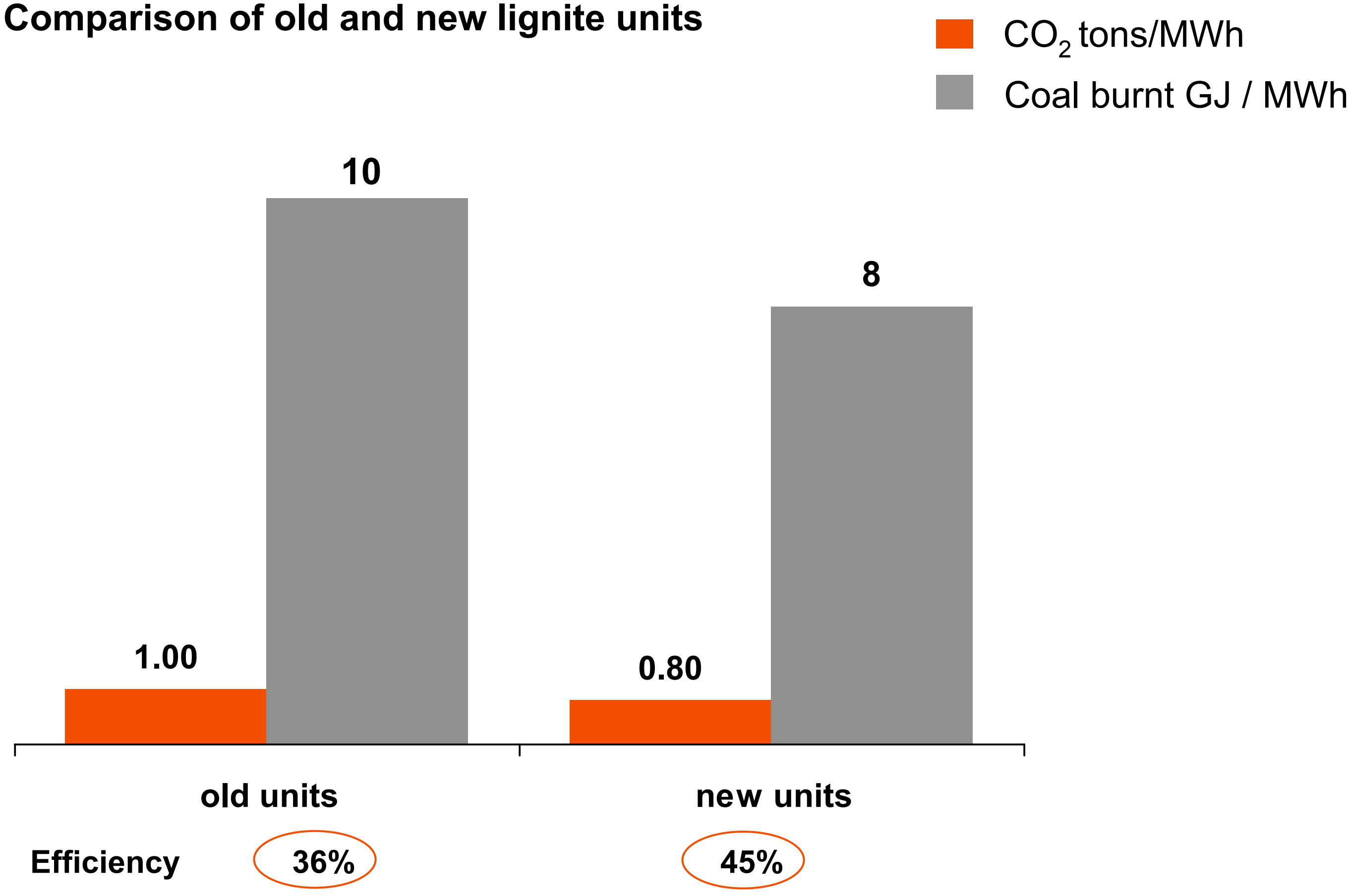
Source: CEZ

CEZ ALREADY LAUNCHED FIRST GENERATION RENEWAL PROJECTS



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

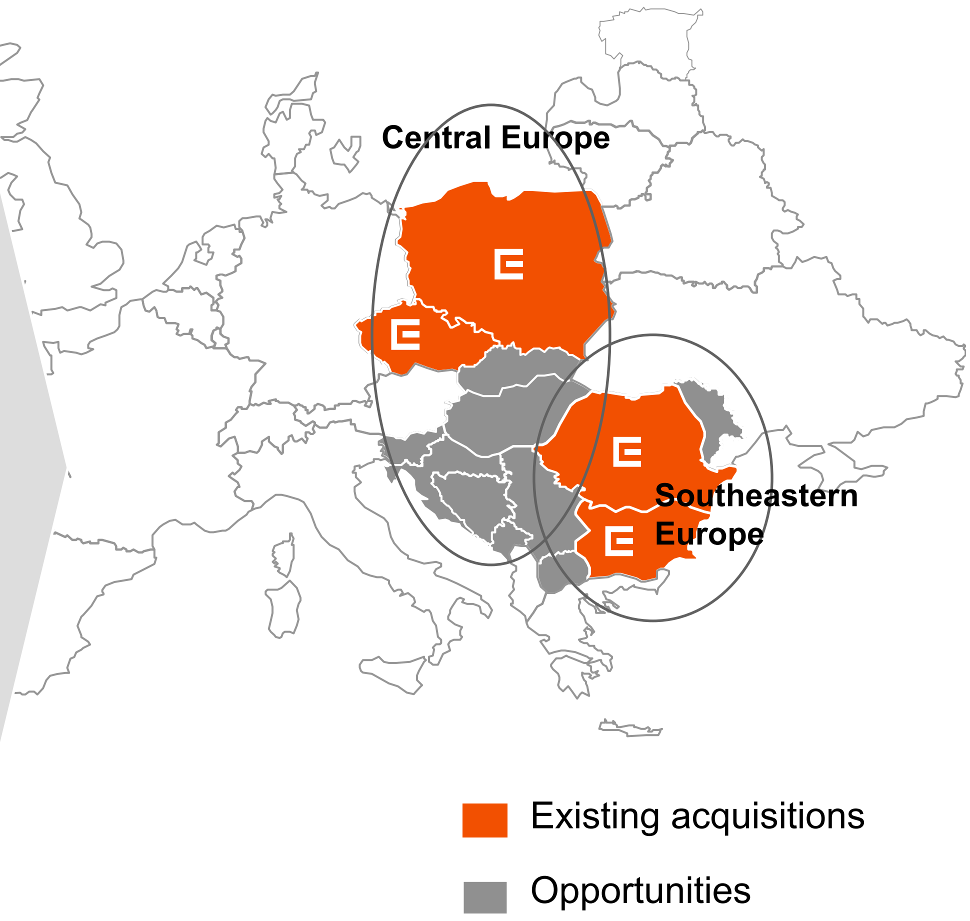
- Bulgaria (distribution) – 1.9 million cust.
- Romania (distribution) – 1.4 million cust.
- Poland (generation) – 810 MW

On-going acquisitions

- Bulgaria (generation) – 1,260 MW – pending approval of antitrust authorities
- Ukraine (distribution) – 2.6 million cust

Other opportunities

- Romania (generation) – 4,240 MW
- Romania (distribution) – 3.3 million cust
- Rep. Srpska, Bosnia (brown field generation) ~ 660 MW (Gacko only) – pending feasibility studies
- Kosovo (green field generation) – monitoring
- Serbia (brown field generation) – monitoring
- Russia (green field generation) – monitoring



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
- 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

- contract for **TPP Varna** signed
  - pending settlement
- monitoring **Sofia, Varna and Plovdiv heating plants**

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)

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

Bosnia and Hercegovina

- monitoring development projects with EPBiH and EPHZHB
  - *4 hydro power plants (210 MW)*
  - *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**
- monitoring the market and analyzing opportunities

Ukraine

- actively pursuing acquisition of Ukrainian **distribution companies** (2.6 million customers)
- 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

RESULTS OF THE BULGARIAN ACQUISITION BETTER THAN EXPECTED IN 1st YEAR AFTER ACQUISITION, IMPROVEMENTS EXPECTED TO CONTINUE

Selected financials (simple sum)
EUR m

	2004	2005
Sales	361.6	396.6
EBITDA	**42.4**	**54.2**
EBITDA Margin	11.7%	13.7%
Deprecitation	25.5	26.4
EBIT	**16.8**	**27.7**
Net income	4.9	23.3
Net debt	**14.3**	**-6.3**

+ 65%

	H1 2005	H1 2006
Sales	211.7	225.4
EBITDA	**35.6**	**47.5**
EBIT	**18.5**	**30.0**

+ 62%

Key impacts 2005

- Revenues increased by 10 % driven by 3% increase in volume and 5% price increase
- Electricity losses decreased by 11.4% (from 19.3% to 17.1%) despite increased volume
- The OPEX increased by EUR 12 m due to
  - restructuring provision
  - staff costs
  - bad debt provisions

Main challanges for 2006

- Unbundling
- Removal of subsidized („social“) residential tariff starting October 2006
- Further restructuring and losses reduction
- Achieve budgeted performance
  - EBITDA EUR 71m
  - EBIT EUR 38m

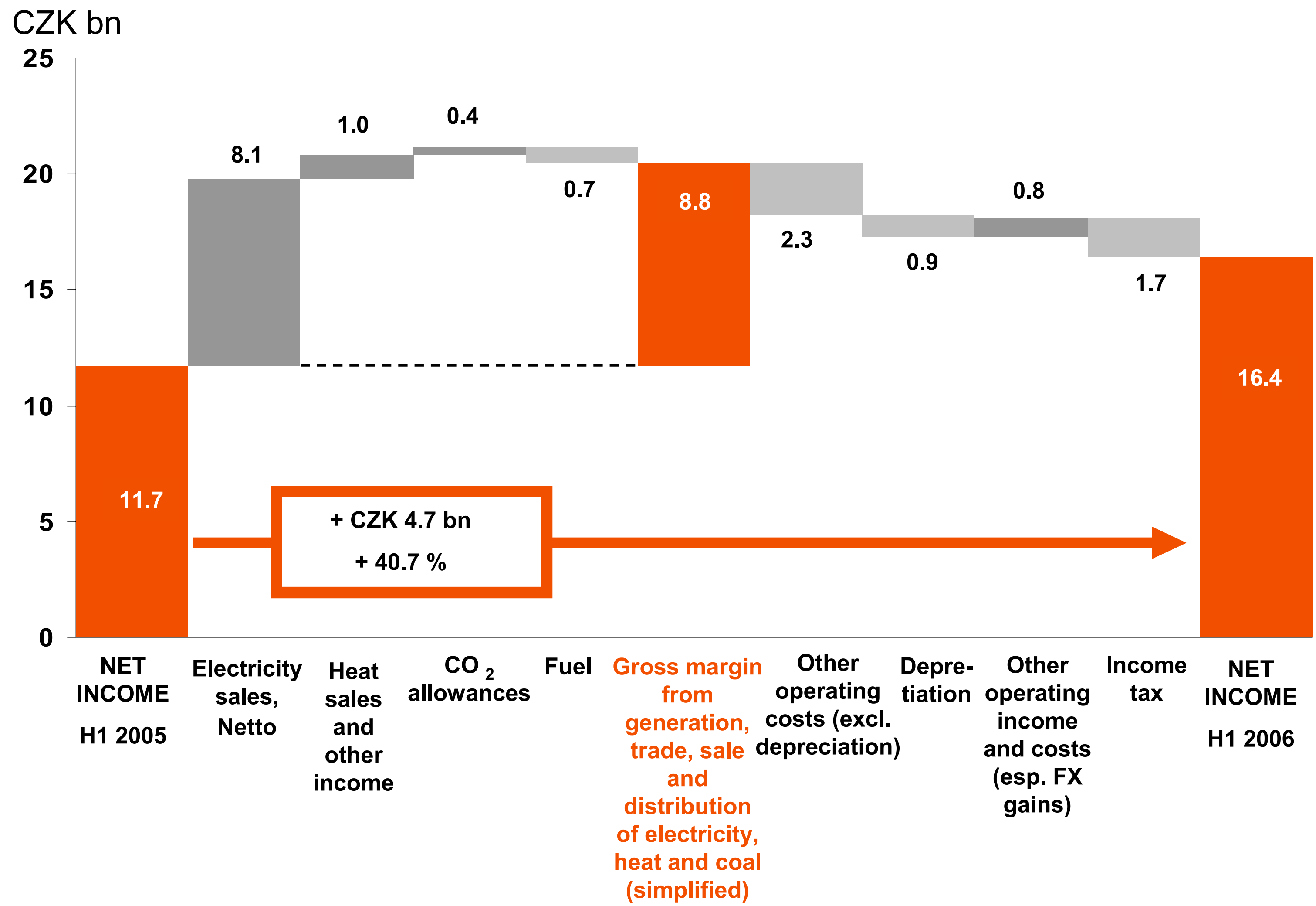
Source: CEZ

AGENDA

H1 2006 MAIN FINANCIAL RESULTS AND EXPECTED FINANCIAL PERFORMANCE FOR 2006

- **EBITDA** y-o-y increased by 24 % to CZK 34.2 bn, y-o-y increase by CZK 6.6 bn.
- **EBIT** y-o-y increased by 32 % to CZK 23.2 bn, which represents y-o-y increase by CZK 5.6 bn.
- **Net Income** y-o-y increased by almost 41 % to CZK 16.4 bn (increase by CZK 4.7 bn)
- **ROE** y-o-y increased to 8.8 %
- After share price fall in May and June investors again gained their confidence in the value of CEZ Group, share price at **PSE on 11.8.2006 was at CZK 802.**
- **2006 EBITDA guidance** is CZK 61.3 bn (up from CZK 60.1bn announced in May 2006) and **EBIT** CZK 38.4 bn (up from CZK 37.7bn)

NET INCOME GREW Y-O-Y BY CZK 4.7 BN – i.e. by 41 %

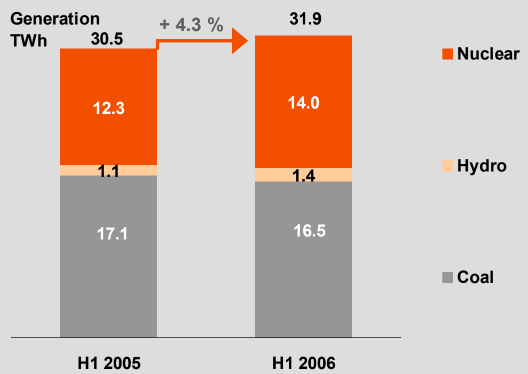


Main improvements

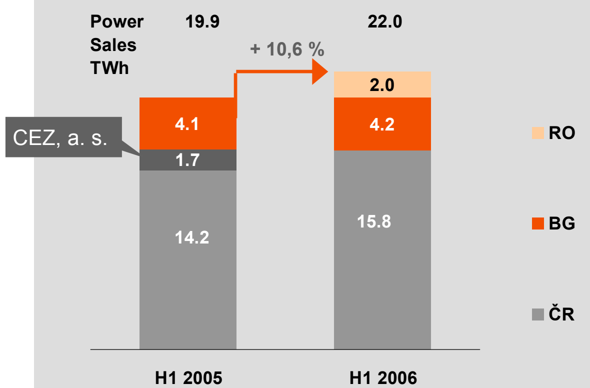
- Increase of gross margin from generation and trading
- Increased sales of electricity to end customers
- Operating costs control
- Czech crown appreciation

GROSS MARGIN FROM GENERATION, TRADE, SALE AND DISTRIBUTION OF ELECTRICITY Y-O-Y INCREASED BY 23 % TO CZK 47.8 BN

- **Increase of generation and sales in the wholesale market**



- **Growth of electricity sold to end customers**



CZK m	H1 2005	H1 2006	Change 06-05	Index 06/05 (%)
Operating Revenues	61,715	77,183	15,469	125.1
Sales of electricity	57,216	71,645	14,429	125.2
Heat sales and other revenues	4,499	5,538	1,040	123.1
Variable operating expenses	22,751	29,382	6,632	129.2
Fuel	4,532	5,240	708	115.6
Purchased power and related services	18,218	24,499	6,281	134.5
CO_2 allowances	0	-358	-358	n.a.
Gross margin (simplified)	**38,964**	**47,801**	**8,837**	**122.7**

Main improvements

- Increase of generation from nuclear power plants
- Optimization of generation from coal power plants and utilization of CO_2 allowances arbitrage
- Increase of sold electricity to end customers in abroad and maintaining position in CR

OPERATING EXPENSES, EXCLUDING IMPACT OF NEW COMPANIES, INCREASED ONLY BY CZK 4.7 BN (BY 11 %)

(CZK m)	H1 2005	H1 2006	out of that new comp.	change 06-05	Index 06/05 (%)	H1 2006 w/o new comp.	Change 06-05 comparable cons. entity	Index 06/05 comparable consolidated entity
Gross margin (simplified)	**38,964**	**47,801**	**2,172**	**8,837**	**122.7**	**45,629**	**6,665**	**117.1**
Repairs and Maintenance	1,356	1,844	341	488	136.0	1,503	147	110.9
Salaries and Wages	5,683	6,581	407	898	115.8	6,175	491	108.6
Material	1,810	2,180	79	370	120.4	2,101	291	116.1
Other operating expenses	2,518	3,031	350	513	120.4	2,681	163	106.5
EBITDA	**27,597**	**34,165**	**984**	**6,568**	**123.8**	**33,181**	**5,584**	**120.2**
Depreciation	10,037	10,959	440	922	109.2	10,519	481	104.8
EBIT	**17 560**	**23 206**	**544**	**5,646**	**132.2**	**22,662**	**5,103**	**129.1**

Main improvements

- Control of repairs and maintenance costs growth pace
- Decrease of number of employees (excluding impact of new companies) by 710

NET INCOME GREW Y-O-Y BY 41 % TO CZK 16 BN (INCREASE BY CZK 4.7 BN)

(CZK m)	H1 2005	H1 2006	Change 06-05	Index 06/05 (%)
EBIT	**17,560**	**23,206**	**5,646**	**132.2**
Other expenses and income	2,476	1,668	-808	67.4
Out of that:				
FX profit and loss and derivative operation	945	-18	-962	x
Other financial expense/income,netto	-409	-11	398	2.8
Profit before taxes	**15,084**	**21,538**	**6,454**	**142.8**
Income tax	3,401	5,105	1,704	150.1
Net Income	**11,683**	**16,433**	**4,750**	**140.7**

Main improvements

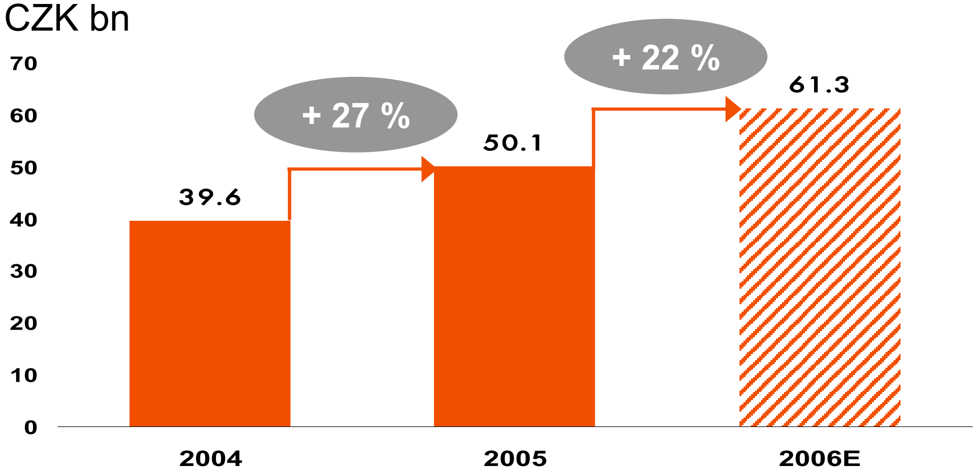
- Czech crown appreciation especially towards USD, but also towards EUR in comparison with the same period last year (positive impact on FX profit and partially negative impact on expenses for FX derivatives)

WE EXPECT EBITDA CZK 61 BN AND EBIT CZK 38 BN FOR FULL 2006

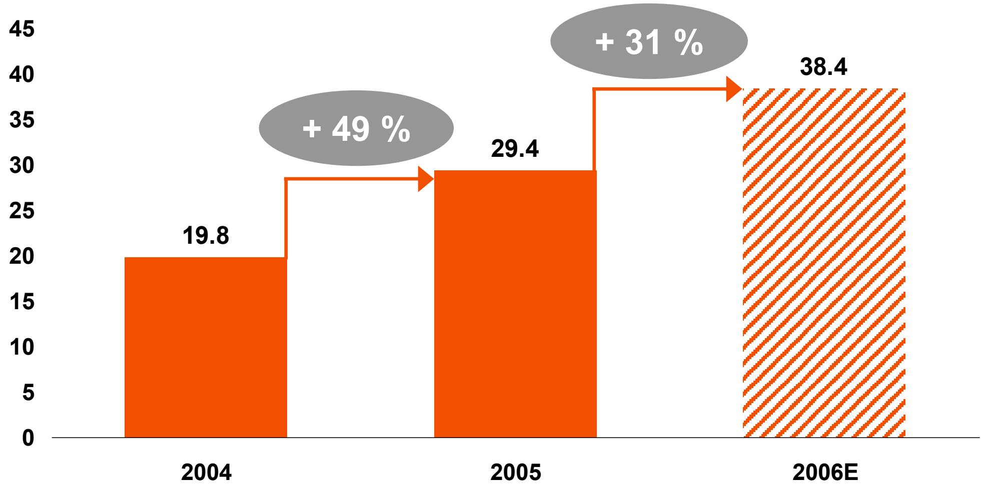
Main financial results

CZK bn

EBITDA

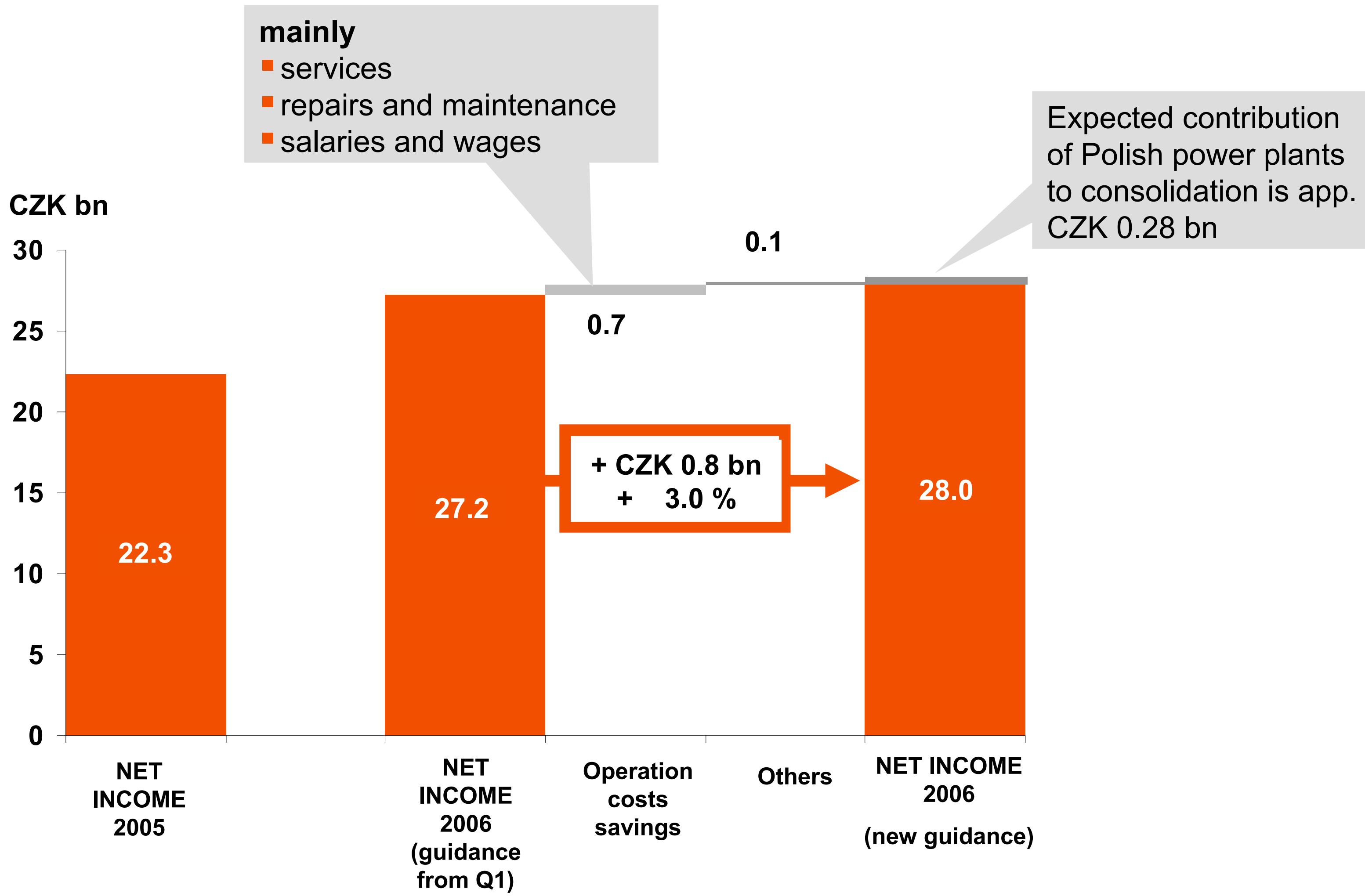


EBIT



- The trend of growing gross margin and operating cost savings to continue in H2
- CEZ Group grew by new power plants in Poland – Elcho and Skawina, which will contribute to the expected consolidated EBIT by CZK 0.6 bn

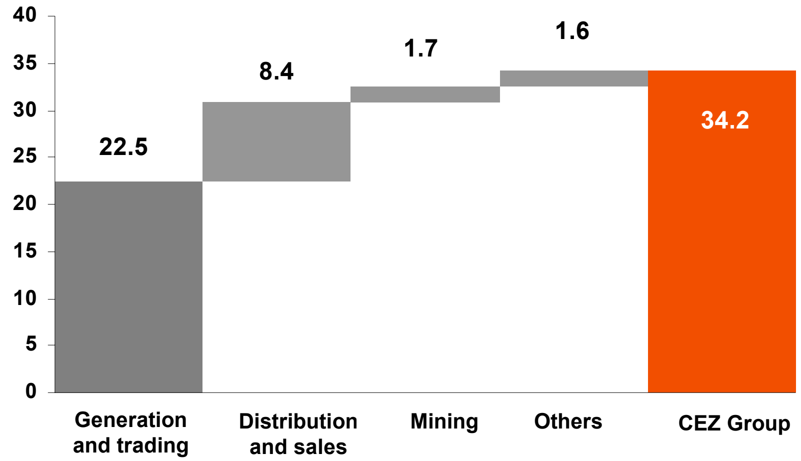
2006 NET INCOME GUIDANCE IS CZK 28 BN – BY CZK 0.8 BN MORE COMPARED TO GUIDANCE FROM Q1



GENERATION AND TRADING REMAINS A DOMINANT SEGMENT, BUT DISTRIBUTION AND SALES HAVE ALSO ACCOMPLISHED BIG GROWTH

H1 2006	Generation and trading	Index 06/05	Distribution and sales	Index 06/05	Mining	Index 06/05	Others	Index 06/05	Intergroup eliminations	CEZ Group	Index 06/05
Revenues total	47,490	135%	48,623	131%	4,222	108%	5,378	154%	-28 530	77,183	125%
Out of that: external revenues	27,646	117%	46,314	129%	1,706	136%	1,518	148%		77,183	125%
EBITDA	22,495	126%	8,396	120%	1,701	88%	1,572	193%		34,165	124%
EBIT	15,600	141%	5,976	125%	1,234	86%	397	131%		23,206	132%

EBITDA Contribution in H1 2006
CZK bn



- Generation and trading remains a dominant segment – it represents 66 % of EBITDA
- Newly it also includes Polish power plants Elcho and Skawina, which however are part of the H1 results only with one month and contribute to EBITDA by CZK 112 m
- Distribution and sales accomplish also big growth thanks to Bulgarian and newly also Romanian distribution development

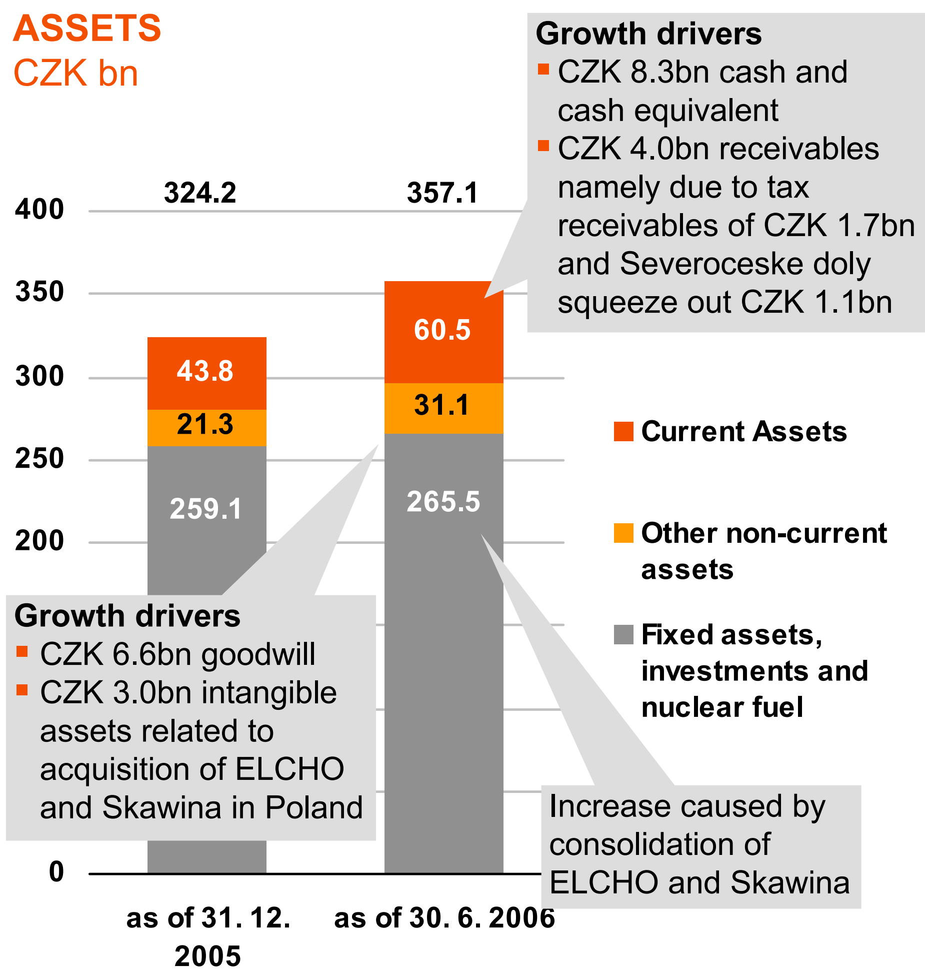
DISTRIBUTION AND SALES SEGMENT RESULTS

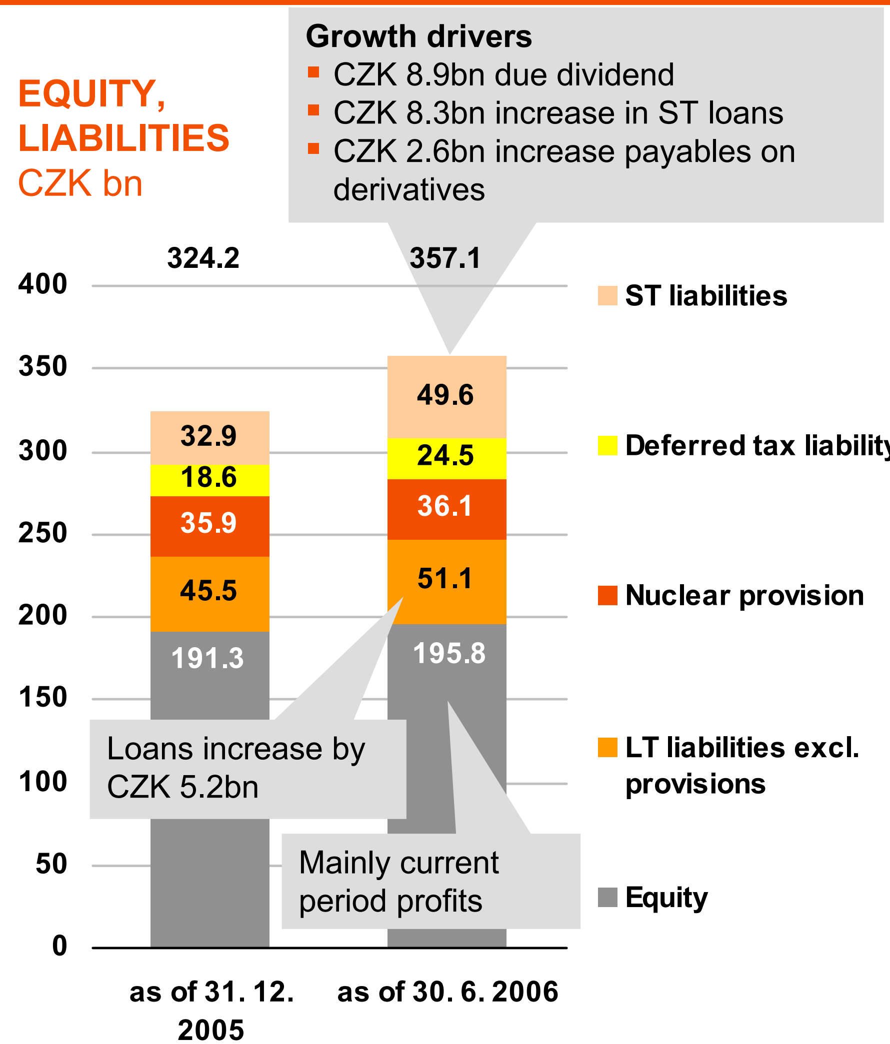
Distribution and Sales		Czech Republic			Bulgaria		Romania	
		H1 2005	H1 2006	out of that: CEZ Distribution	H1 2005	H1 2006	H1 2005	H1 2006
Revenues total	CZK m	31,094	36,957	15,264	5,992	6,378	x	5,288
EBITDA	CZK m	6,002	6,053	4,115	1,007	1,345	x	999
EBIT	CZK m	4,249	4,537	2,873	524	850	x	589
Electricity sales	GWh	14,735	18,132	x	4,074	4,255	x	1,978
out of that out of Group	GWh	14,162	15,817	x	4,057	4,239	x	1,978
Electricity distribution	GWh	22,637	21,769	21,769	4,979	5,100	x	6,244
Number of employees		6,465	5,787	1,119	4,889	4,747	x	2,971

Main improvements

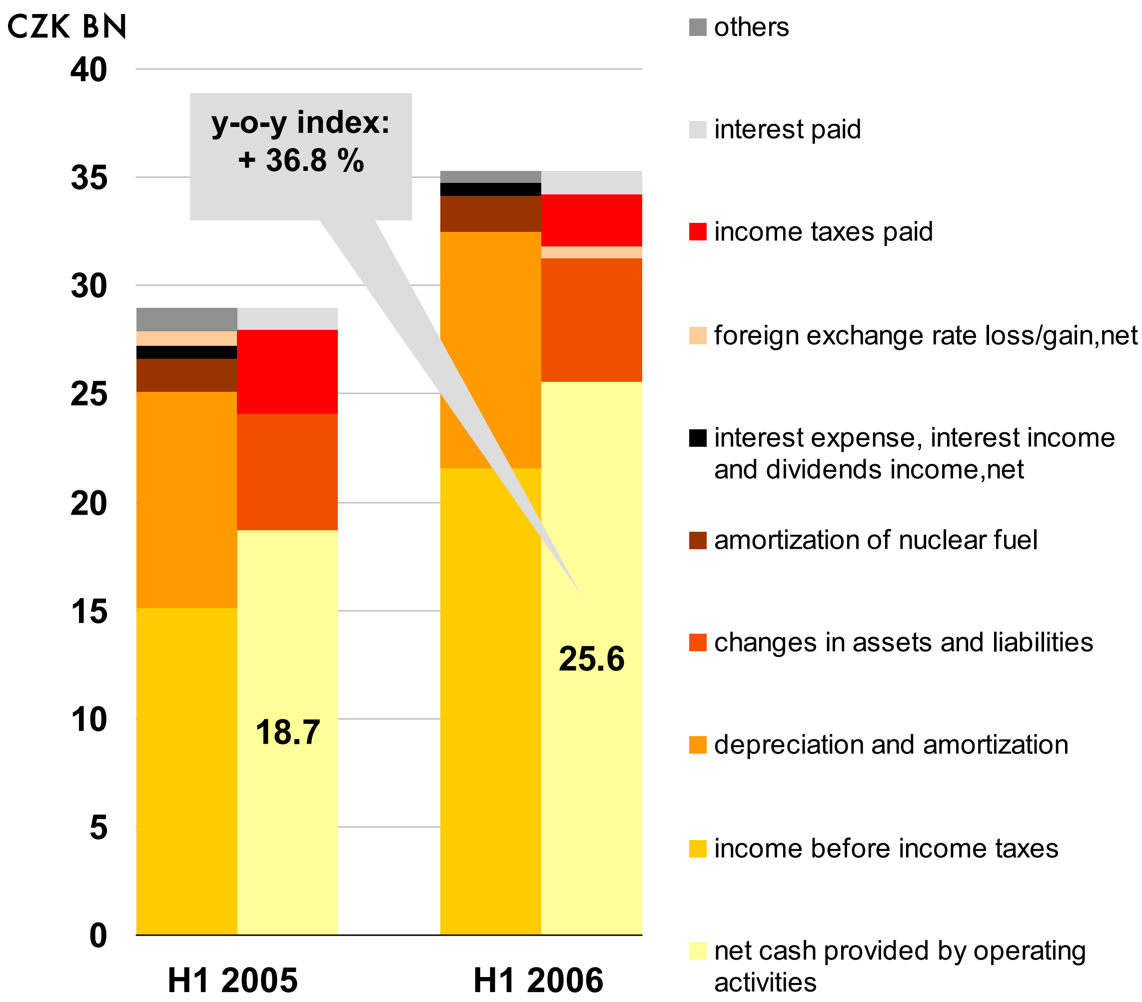
- Higher electricity sales to end customers in Bulgaria
- Activities initiated in Romanian distribution company Oltenia (from Q4 2005)
- Maintaining supply volume in the Czech Republic
- Cost savings and lowering headcount in the segment on a comparable basis by 847

ASSETS, EQUITY AND LIABILITIES OVERVIEW





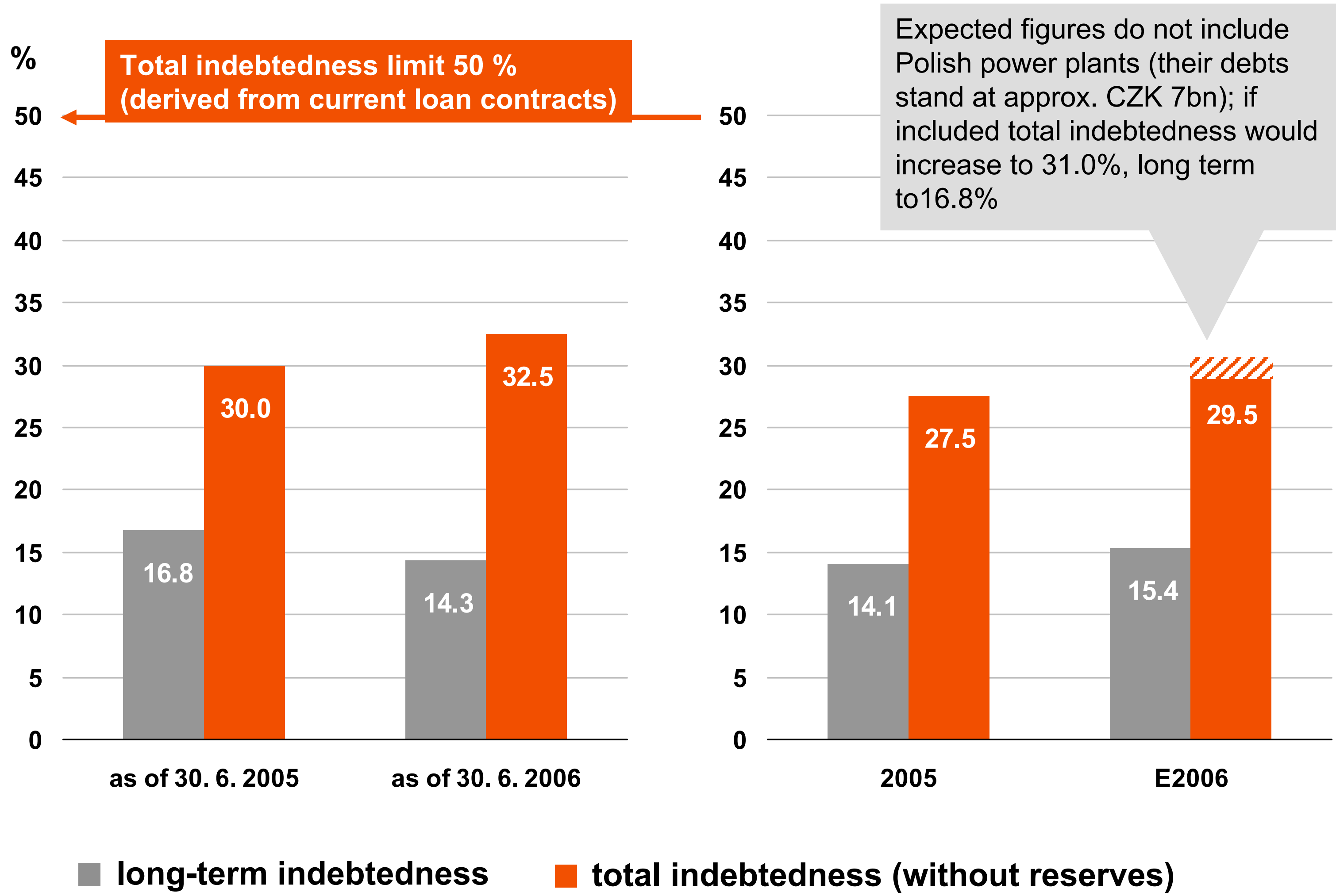
OPERATING CASH FLOW INCREASED Y-O-Y BY 36.8%



Main impacts on operating cash flow increase
CZK bn

- **+ 5.8 operating profit adjusted for non-cash items**
- **+ 1.4 income tax paid**

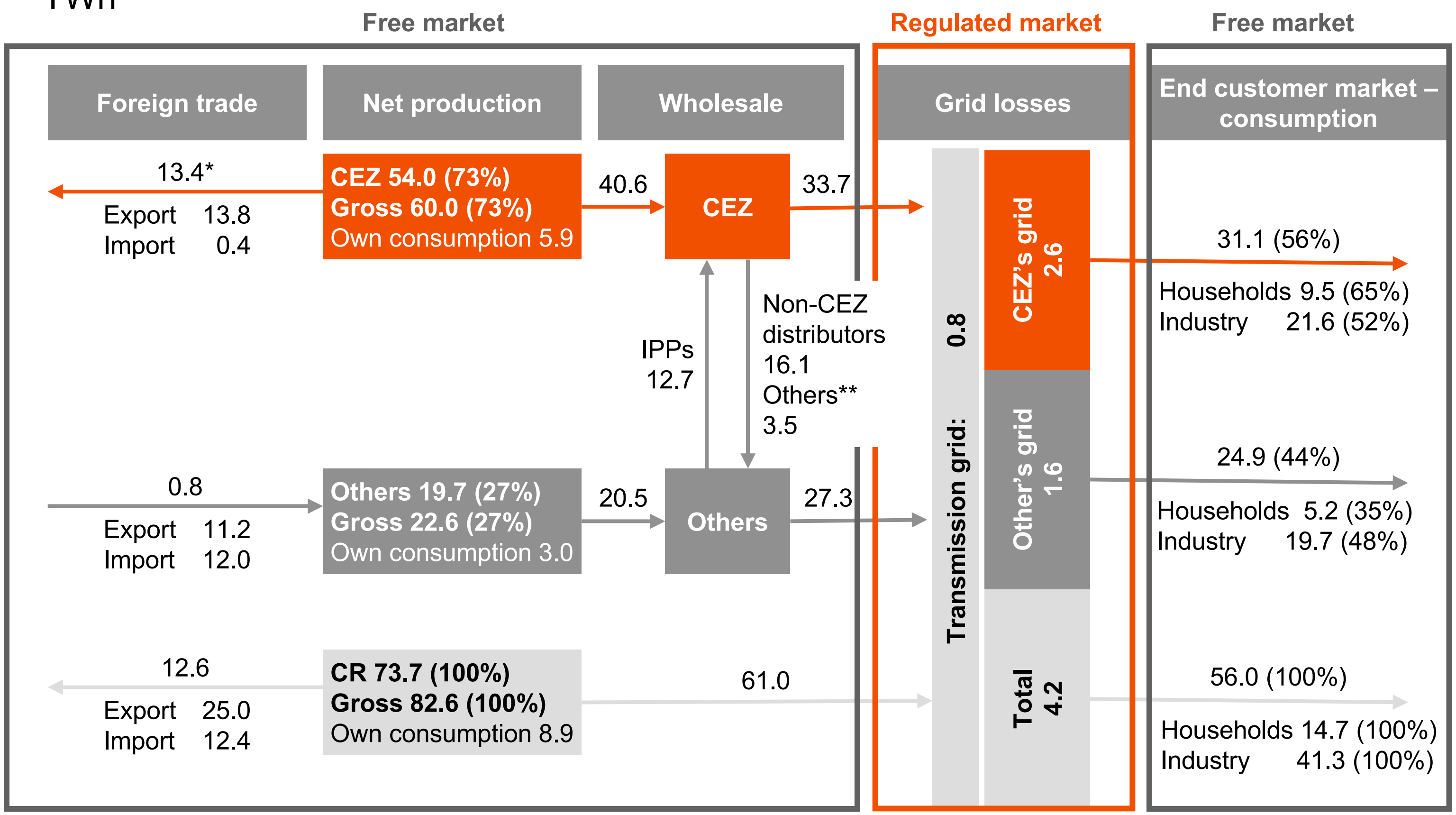
TOTAL INDEBTEDNESS SLIGHTLY INCREASED Y-O-Y WHILE LONG TERM INDEBTEDNESS MARGINALLY DECREASED



AGENDA

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

Czech electricity market in 2005
TWh

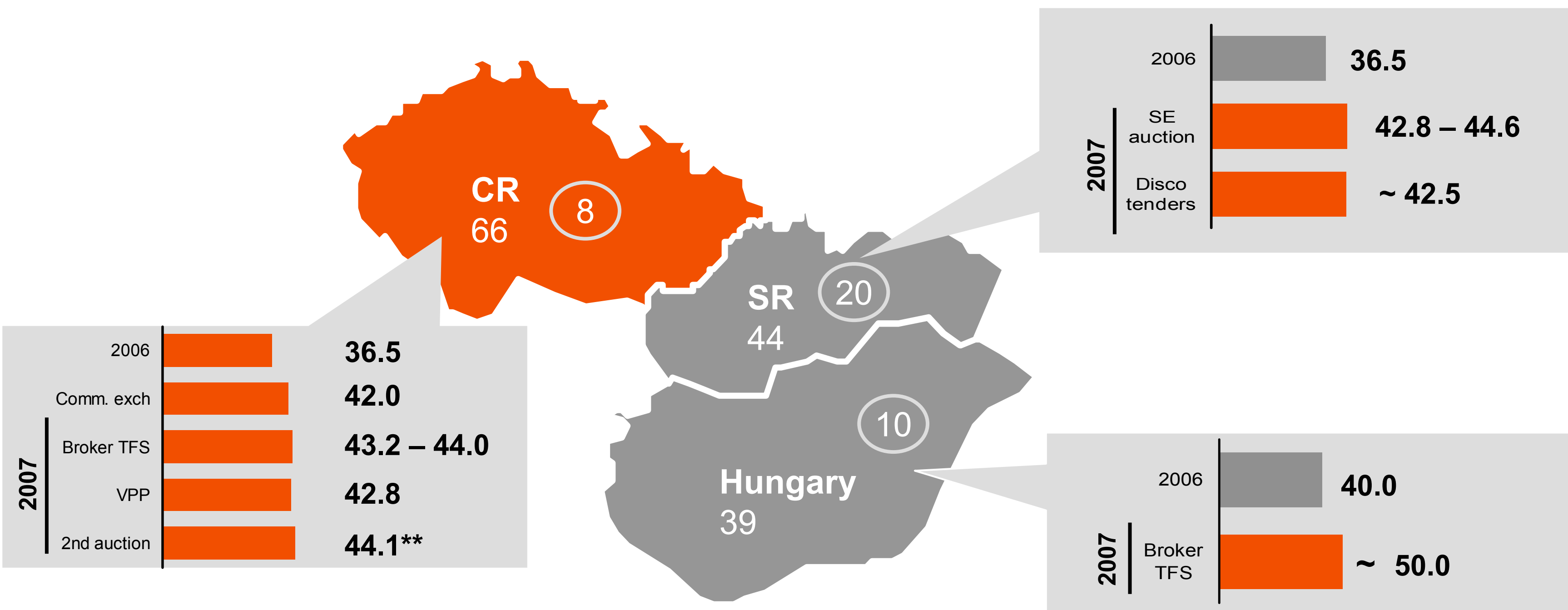


* Includes sales to domestic traders for export, excludes trading on the foreign liquid markets which do not impact volume
** Includes domestic power exchange trading, sales to grid operator to cover grid losses, direct sales to domestic traders for domestic consumption and other domestic sales

PRICE LEVEL OF ALREADY EXECUTED CONTRACTS IN THE REGION CONFIRMS THAT THERE IS AN INCREASING MARKET DEMAND FOR ELECTRICITY CONTRACTED 1 YEAR AHEAD

First indicators of 2007 wholesale prices in the region
EUR/MWh* (unless stated otherwise)

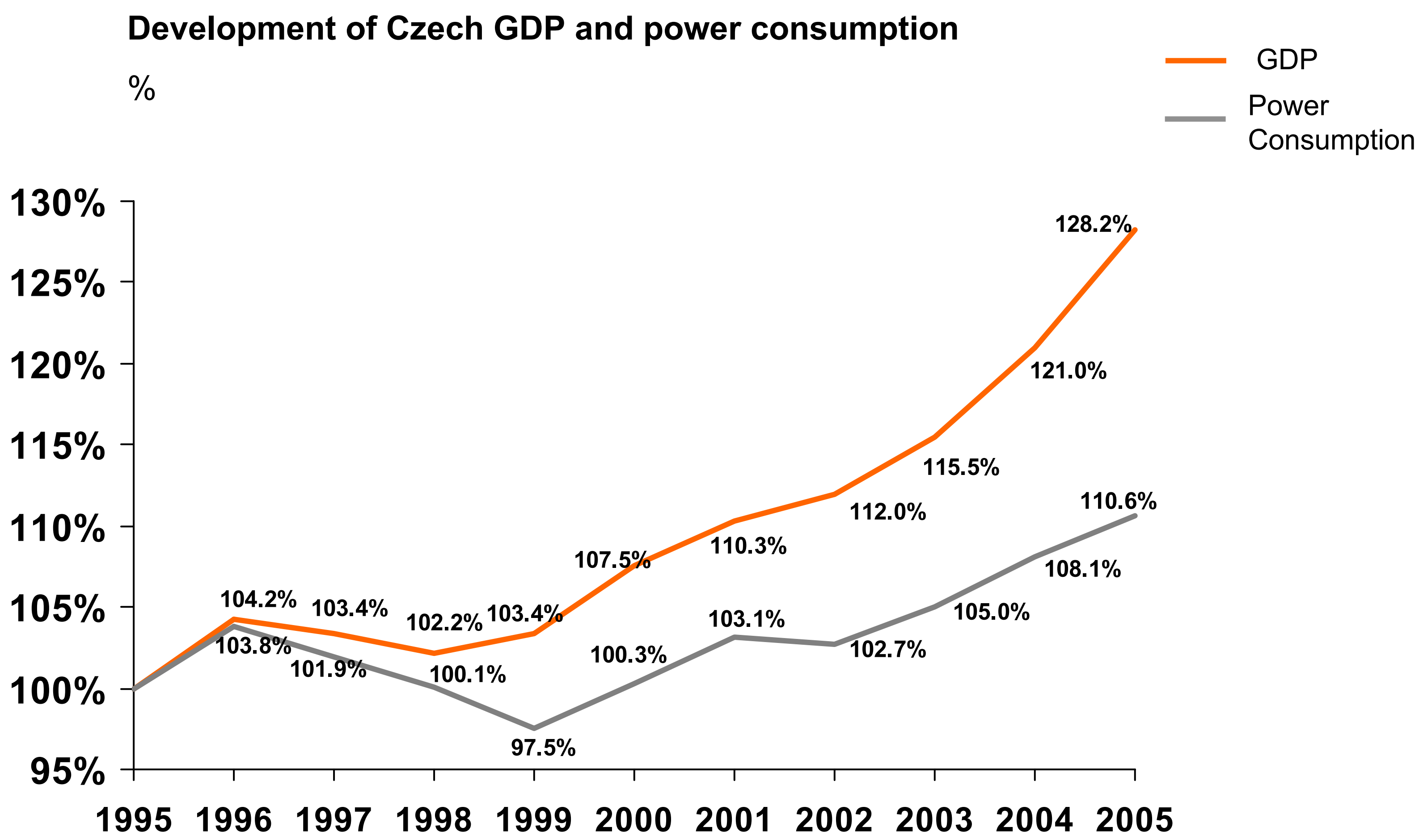
In the map - volume traded in TWh (est.) vs. respective country's consumption



* CZK/EUR 28.50, SKK/EUR 38.6, HUF/EUR 280.0 ** using current exchange rate of 28.20 EUR/CZK, with 28.50 CZK/EUR the price would have been 43.6 EUR/MWh

source: CEZ, a. s.; SE, a. s.; MVM; TFS; press clippings; KBK

DESPITE INCREASING POWER PRICES POWER CONSUMPTION GROWS IN LINE WITH GDP



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 $WACC_{nominal,\ pre\text{-}tax}$

WACC - 7.955%

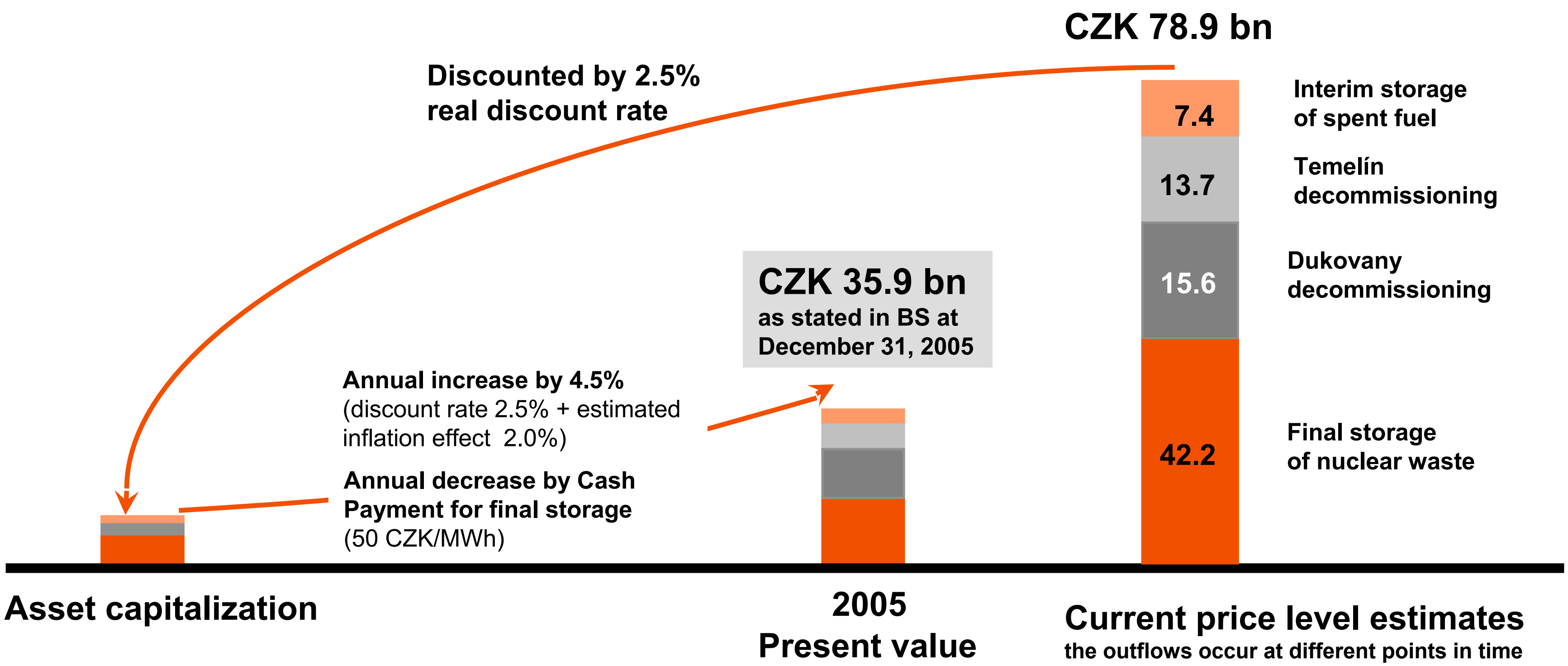
- Set for a full regulatory period

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

RAB (Regulatory Asset Base)

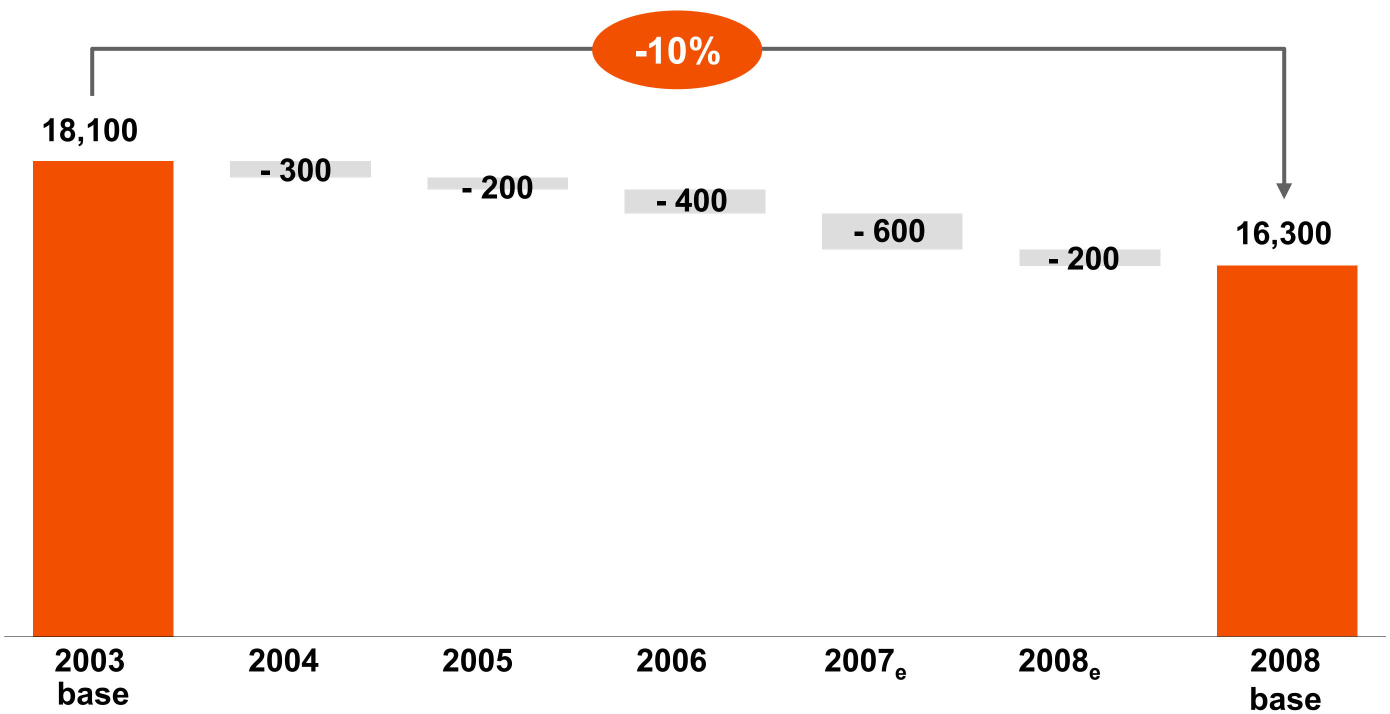
- Annually adjusted for changes
- To increase by almost 90% (from 2004 level)

NUCLEAR PROVISIONS IFRS STATEMENTS ARE FULLY IN LINE WITH IAS 37



NUMBER OF EMPLOYEES WILL DECLINE BY 10 % BY 2008 WITHIN VISION 2008 PROJECT

Number of employees in distribution and support services of CEZ
Thousands

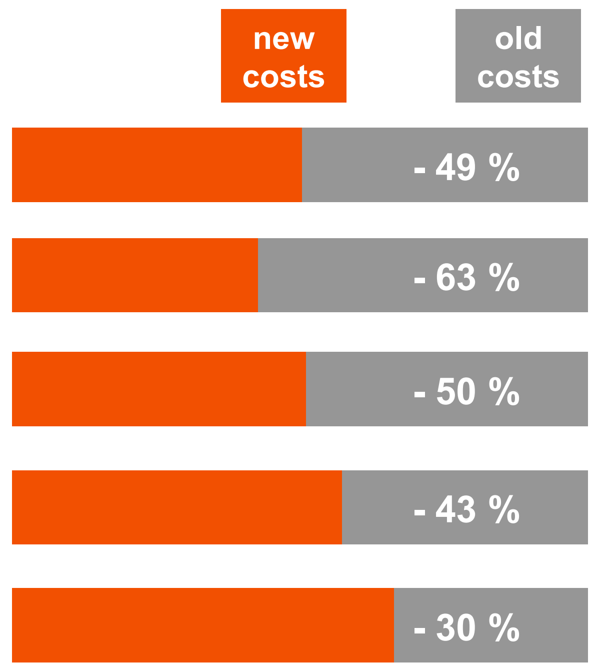


Source: CEZ

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

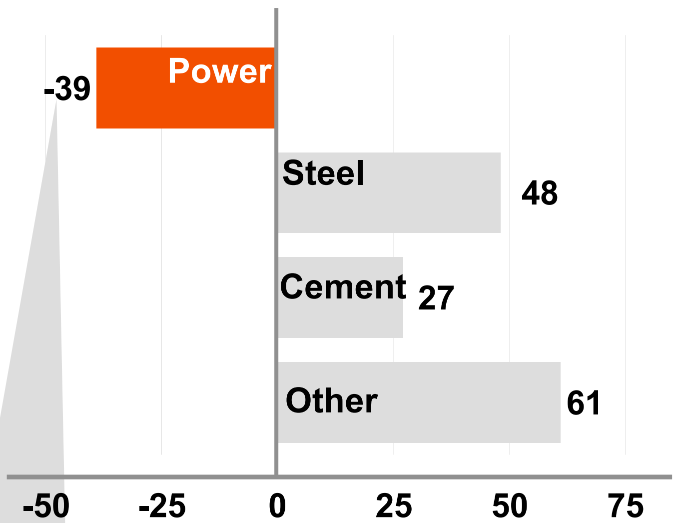
Examples of procurement savings

- 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

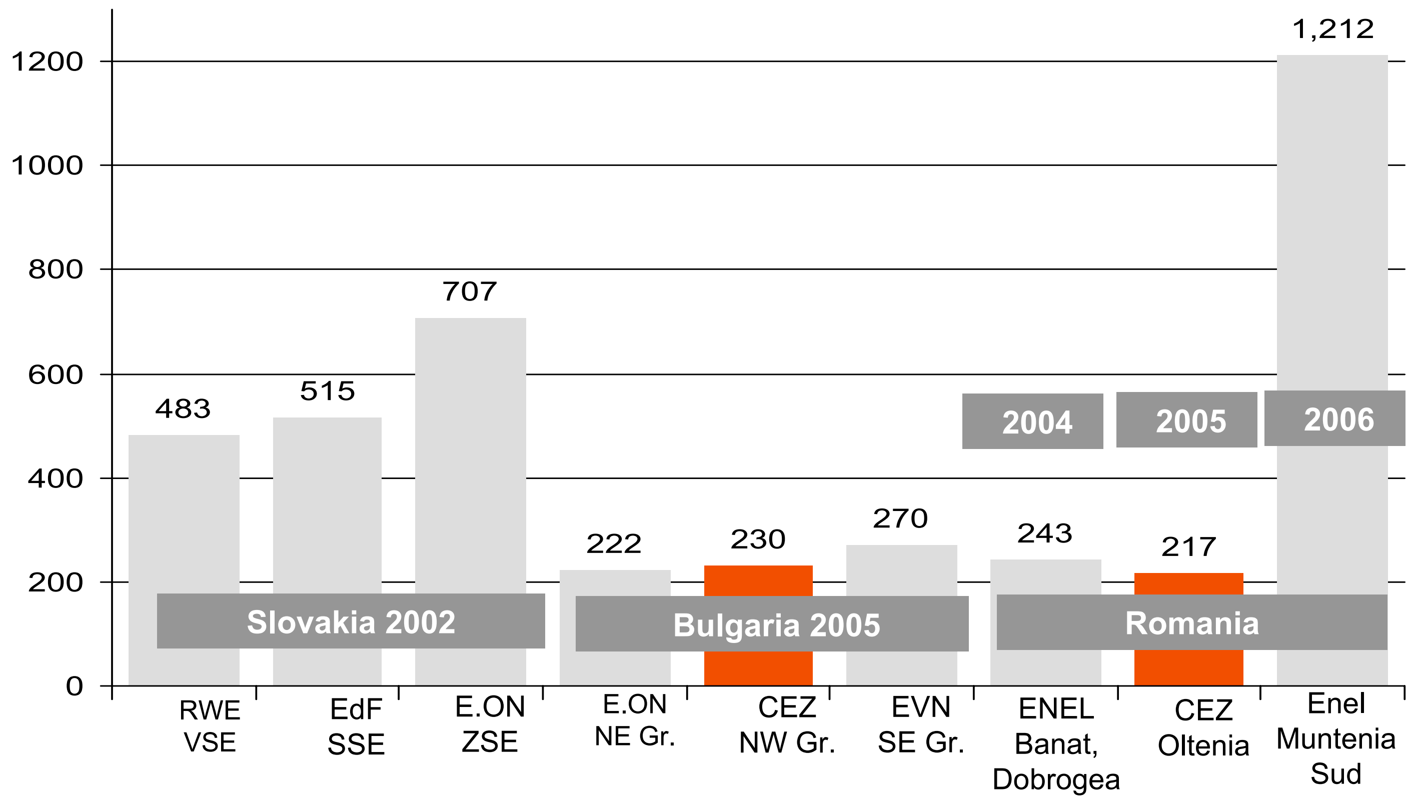
- Member states already meeting Kyoto targets (such as CR) may keep NAP II ceiling at NAP I levels
- When distributing the allowances to individual installations the governments should disregard data from the first phase to make ETS credible

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

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

Price per customer in privatizations of CEE power distribution companies

EUR/customer



Source: Bloomberg, press clippings, respective annual reports

BALANCE SHEET OF ROMANIAN OLTENIA HAS BEEN CLEARED UP AND THE COMPANY IS ON A GOOD TRACK TO SIGNIFICANTLY IMPROVE IN 2006

Selected financials (restated)
EUR m

	2004	2005
Sales	352.6	350.7
EBITDA	**64.0**	**45.3**
EBITDA Margin	18.2%	12.9%
Depreciation	86.6	27.5
EBIT	**-22.6**	**17.8**
Net income	**-35.7**	**18.88**
Net debt	10.0	121.731

Key impacts 2005

- Transaction settled on September 30, 2005; consolidated in Q4 only
- Restructuring process initiated with key positions staffed
- Agreement with regulator on maximum allowed RAB as of the date of completion
- One-off provisions

Main challanges for 2006

- Increase sales to eligible customers
- Introduction of costs for unbundling into the regulatory framework
- Further restructuring
- Achieve budgeted performance
  - EBITDA EUR 51m
  - EBIT EUR 30m

Source: CEZ

ELCHO IS A BRAND NEW POWER PLANT COMISSIONED 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%

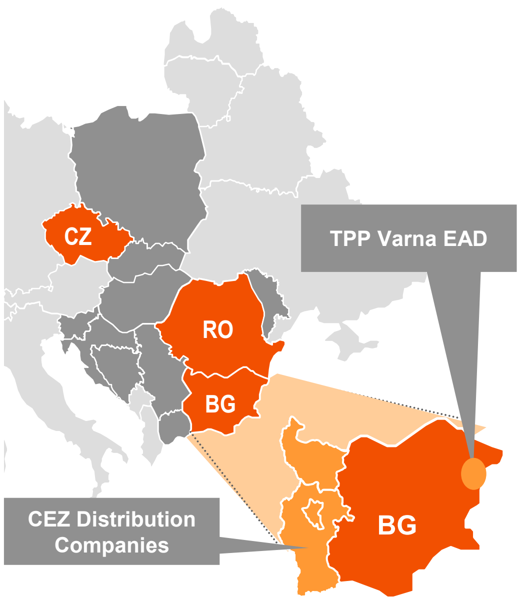
* *Polish accounting standards, converted at 3.85 PLN/EUR*
** *Excluding balanced trading in open markets*

- 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

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*

SELECTED HISTORICAL FINANCIALS OF CEZ GROUP CZK

Profit and loss

CZK bn	2003	2004	2005
Revenues	87.3	102.7	125.1
Sales of electricity	79.0	92.2	115.9
Heat sales and other revenues	8.3	10.5	9.1
Operating Expenses	53.7	63.0	74.9
Purchased power and related services	21.1	26.5	37.5
Fuel	9.2	9.3	9.0
Salaries and wages	9.7	11.4	13.4
Other	13.7	15.9	15.0
EBITDA	**33.6**	**39.6**	**50.2**
EBITDA margin	*38%*	*39%*	*40%*
Depreciaiton	18.5	19.8	20.7
EBIT	**15.0**	**19.8**	**29.4**
EBIT margin	*17%*	*19%*	*24%*
Net Income	9.6	13.2	21.5

Balance sheet

CZK bn	2003	2004	2005
Non current assets	271.9	271.7	280.4
Current assets	24.7	27.5	43.8
- out of that cash and cash equivalents	5.0	8.9	16.8
Total Assets	**296.6**	**299.3**	**324.2**
Shareholders equity (excl. minority. int.)	171.1	178.4	191.3
Interest bearing debt	38.8	41.8	38.7
Other liabilities	86.7	79.0	94.2
Total liabilities	**296.6**	**299.3**	**324.2**

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
Revenues	3,009	3,540	4,312
Sales of electricity	2,723	3,178	3,998
Heat sales and other revenues	286	362	315
Operating Expenses	1,852	2,174	2,583
Purchased power and related services	728	914	1,292
Fuel	316	321	311
Salaries and wages	334	392	463
Other	474	546	518
EBITDA	**1,157**	**1,366**	**1,729**
EBITDA margin	*38%*	*39%*	*40%*
Depreciaiton	638	684	715
EBIT	**519**	**682**	**1,014**
EBIT margin	*17%*	*19%*	*24%*
Net Income	331	456	740

Balance sheet

EUR m	2003	2004	2005
Non current assets	9,374	9,368	9,668
Current assets	853	949	1,510
- out of that cash and cash equivalents	173	308	579
Total Assets	**10,227**	**10,317**	**11,178**
	0	0	0
Shareholders equity (excl. minority. int.)	5,898	6,152	6,596
Interest bearing debt	1,339	1,442	1,336
Other liabilities	2,990	2,723	3,247
Total liabilities	**10,227**	**10,317**	**11,178**

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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