CEZ GROUP

THE LEADER IN POWER MARKETS OF CENTRAL AND SOUTHEASTERN EUROPE

Equity story, March 2008

DISCLAIMER

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

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

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CEZ GROUP STANDS APART FROM OTHER UTILITIES IN EUROPE

- The vision of CEZ is to be the leader in power markets in Central and Southeastern Europe
- The largest Czech corporation and the largest corporation among 10 new EU member states
- The best performing European utility stock with growth of >355% over the last 36 months, with wide international shareholder base
- Leading position in Central European power markets, practically 2nd biggest exporter of power in Europe
- Vertically integrated in the Czech Republic – from mining (45% market share) through generation (74%) to distribution (62%) and supply (53%)
- Distribution and supply in Bulgaria (42% market share) and Romania (17%)
- Generation in Poland – Power Plants Elcho (238MW) and Skawina (592MW) and in Bulgaria – Power Plant Varna (1,260MW)

Source: CEZ

CEZ GROUP OFFERS SOME EXCEPTIONAL FEATURES TO EQUITY INVESTORS

Key features	Rationale
▪ Strong financial performance	▪ EBITDA margin above 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 50-60 % payout	▪ 43% pay out ratio in 2006
▪ 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 A STABLE POSITION IN DOMESTIC MARKET AND A GROWING PORTFOLIO IN CEE

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

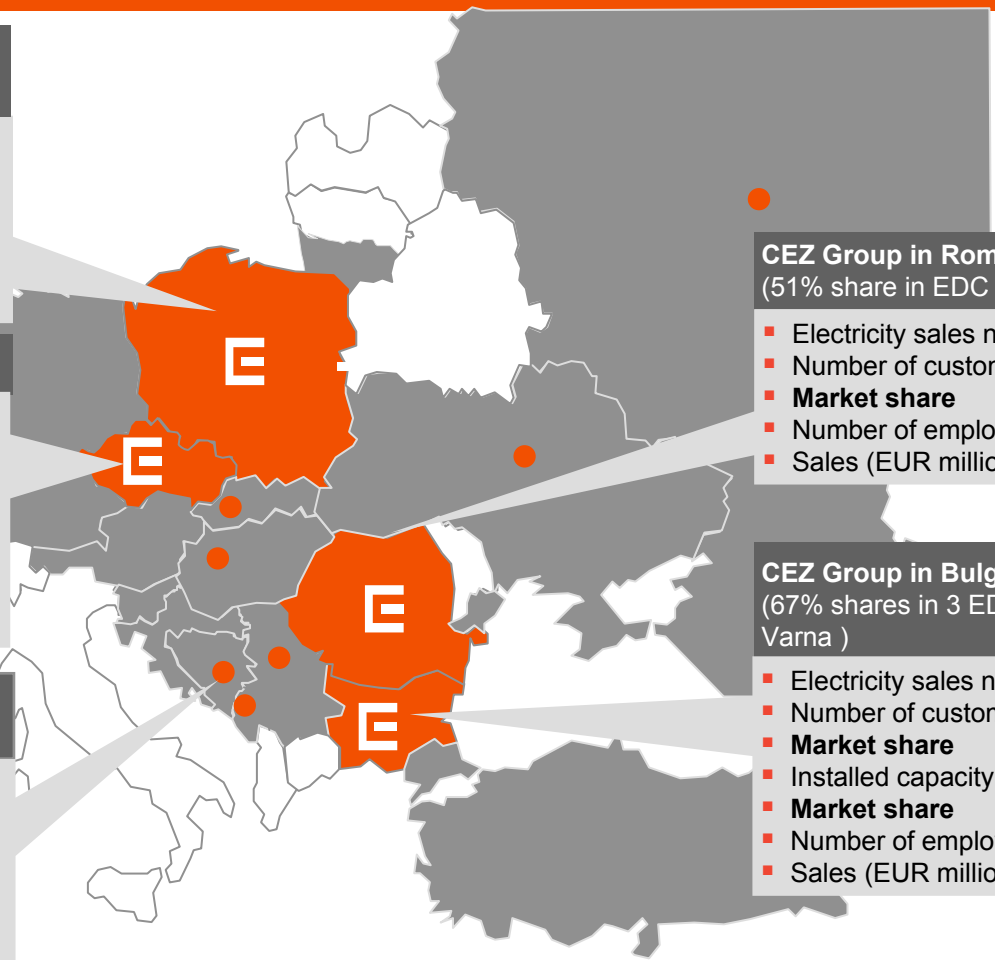
Electricity sales, net (TWh)	3.9
Market share	**2.4%***
Installed capacity (MW)	830
Market share	**2.3%**
Number of employees	751
Sales (EUR million)	185

CEZ Group in the Czech Republic

Electricity sales, net (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 Bosnia and Herzegovina
(Project Gacko)

- NERS - JV of ČEZ, a. s.(51%) and ERS a.d. (49%)
- Assets of RITE Gacko to be contributed to NERS, which will build a new unit of Gacko II
- Current installed capacity of RITE Gacko is 300 MW



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

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

Source: CEZ, Distribution companies, national statistics

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

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

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

- Other competitors – individual IPPs

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

- Other competitors – E.ON, RWE/EnBW

Source: CEZ, ERU; 2006 data

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

MANAGEMENT TEAM IS DETERMINED TO FULFILL THE MISSION

CEO

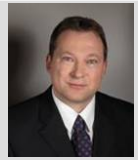
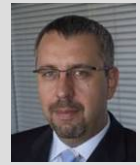
Martin Roman

- M&A
- Finance

COO

Daniel Beneš

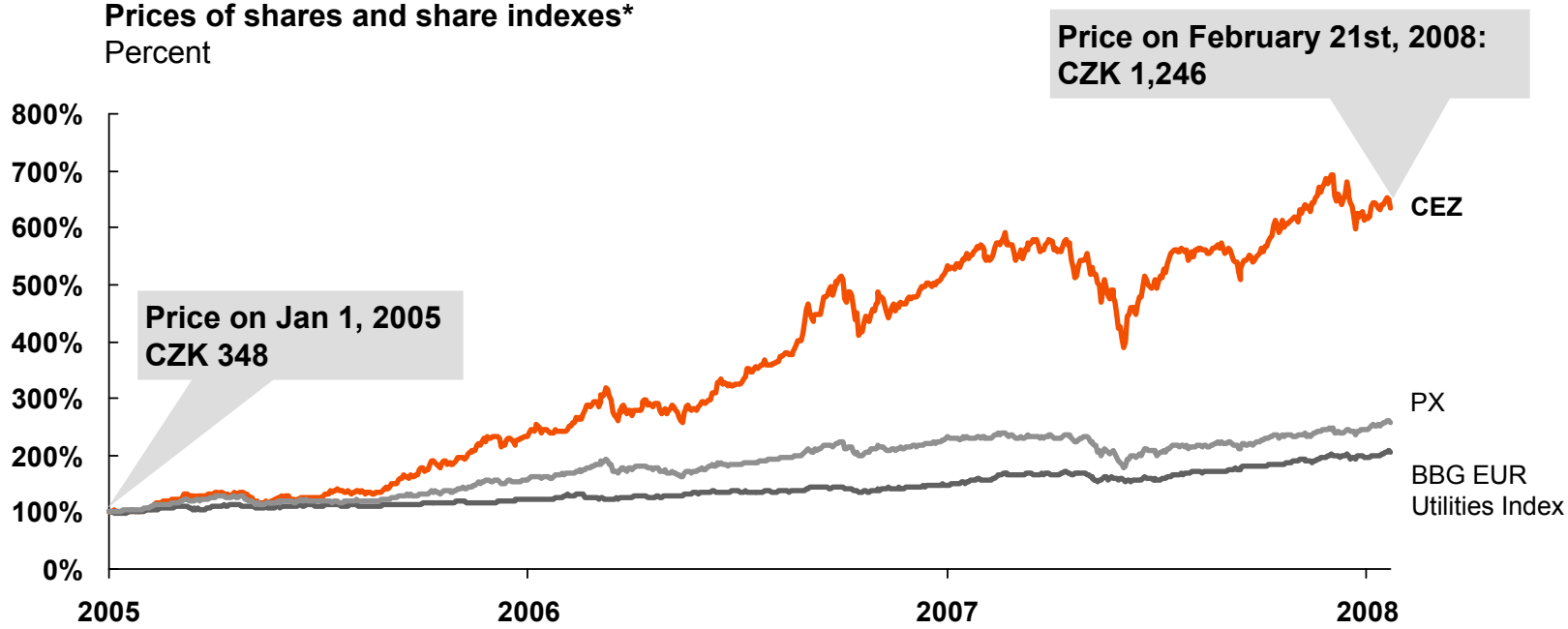
Responsibility

Generation	International	HR	Sales and Trading	Administration	Distribution	Investments	M&A	CFO
Vladimír Hlavinka	**Tomáš Pleskač**	**Zdeněk Pasák**	**Alan Svoboda**	**Ivan Lapin**	 **Jiří Kudrnáč**	**Peter Bodnár**	 **Vladimír Schmalz**	**Martin Novák**
▪ Conventional power plants ▪ Nuclear power plants ▪ Other power plants	▪ Foreign equity participations	▪ Human resources ▪ Internal communication	▪ Trading ▪ Sales and marketing ▪ Customer services ▪ Business development	▪ Asset management ▪ ICT strategy ▪ Procurement	▪ Domestic distribution ▪ Governance of owner's economic interests, systematic coordination and methodical support respecting energy legislation	▪ Investments – conventional, nuclear and other power plants	▪ Activities related to acquisitions	▪ Treasury ▪ Accounting ▪ Planning/ controlling

zdroj: ČEZ

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 Q4 2007**
  - CZK 1.7 billion (USD 90 million)
  - 1.3 million pieces
  - 0.7% of the free float

Listed on WSE since October 25, 2006

CEZ shares are part of the following main indices

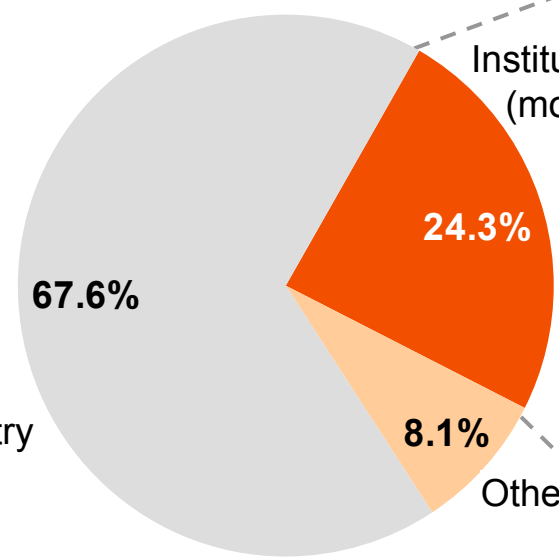
- PX – Prague Stock Exchange
- CTX – Wiener Borse
- CETOP 20 – Budapest Exchange
- STOXX EU Enlarged – Dow Jones
- WIG20 – Warsaw Stock Exchange

* Indexed to Jan 1, 2005

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

Increasing share

- Utilities
- Emerging markets
- Hedge

Examples of large foreign investors

Barclays Global
Credit Suisse Life & Pensions
DWS
Fidelity
J. P. Morgan
Jennison Utility Fund
Morgan Stanley
MSF Utilities
Raiffeisen
UBS
Vanquard
West LB

* Finance Ministry's stake reached 65.9% as of 13th Feb 2008

Source: CEZ, Bloomberg, www.scp.cz

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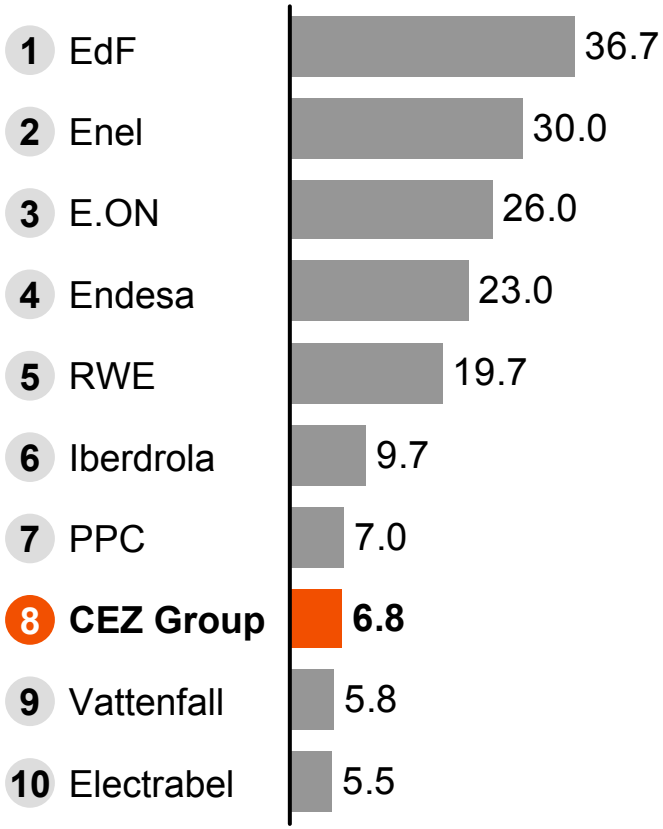
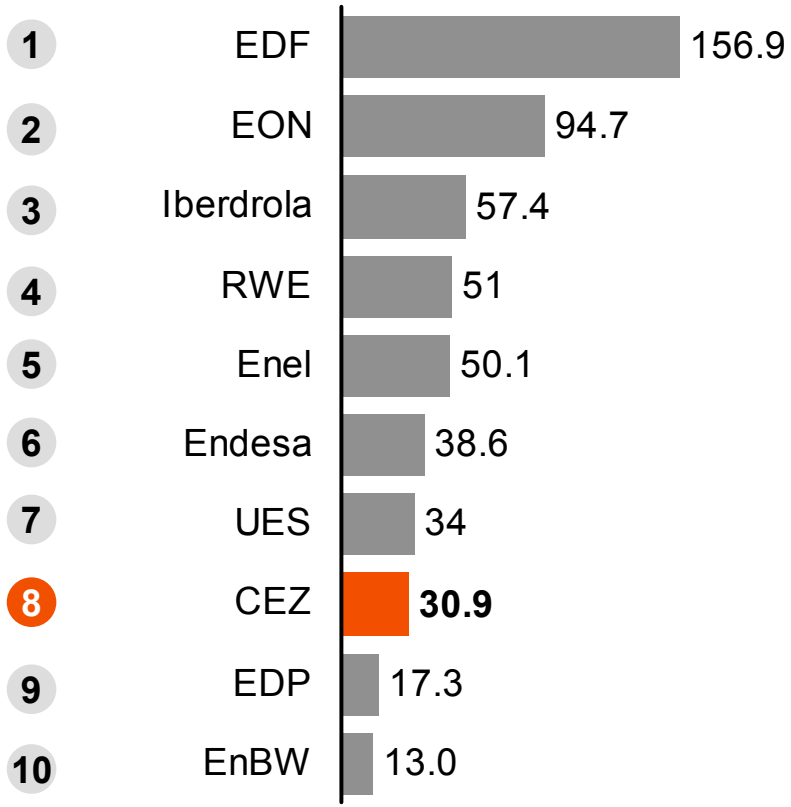
CEZ IS AMONG TOP 10 EUROPEAN POWER UTILITIES

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

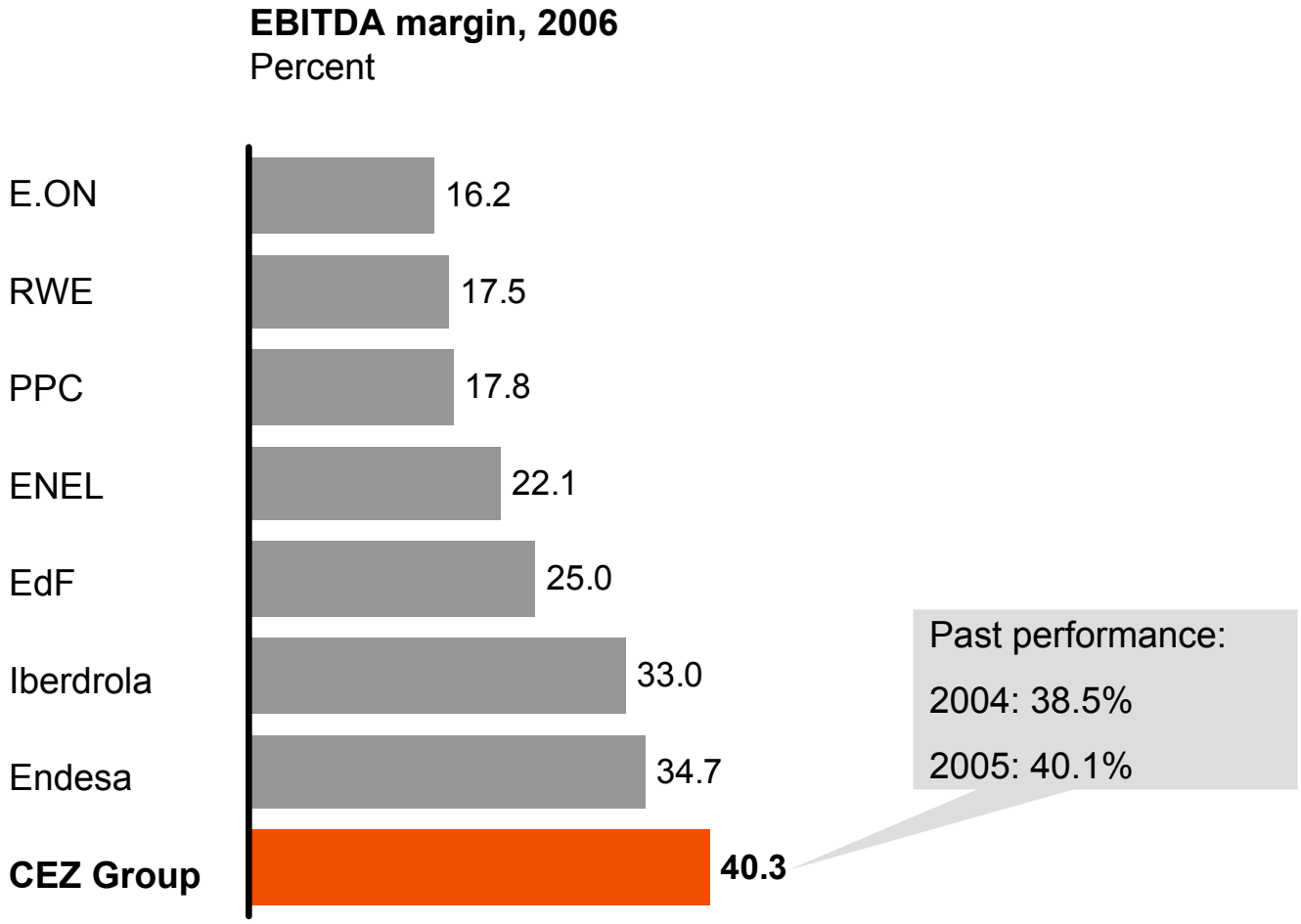


Top 10 European power utilities
Market capitalization, EUR bn, as of November 23, 2007



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

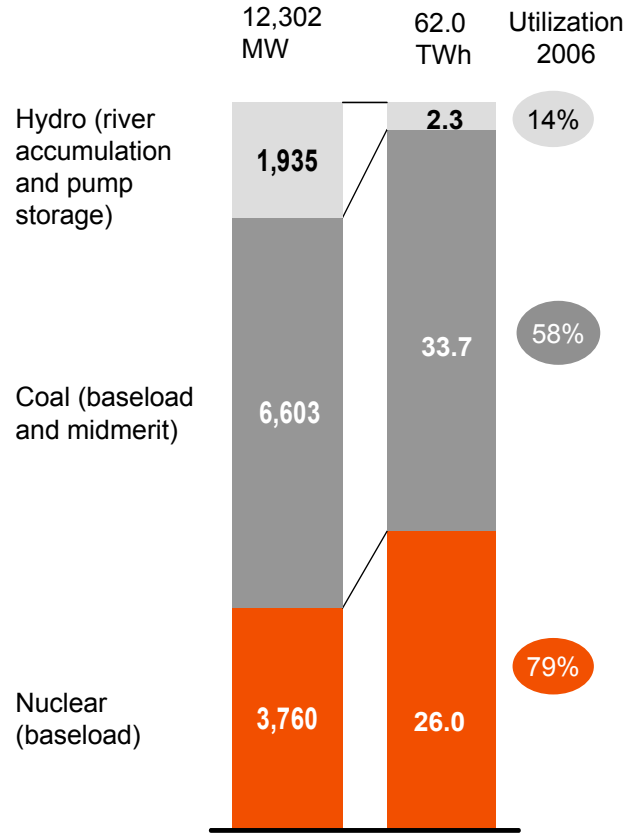
… AND IS THE MOST PROFITABLE UTILITY IN EUROPE MEASURED BY EBITDA MARGIN



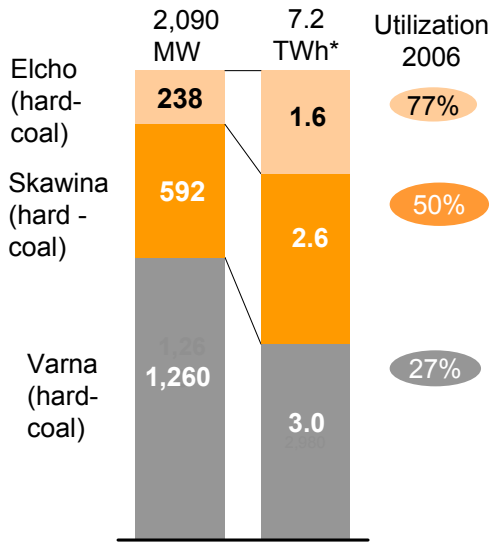
Source: Annual reports, CEZ, Bloomberg

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

CEZ Group generation (2006) In CR

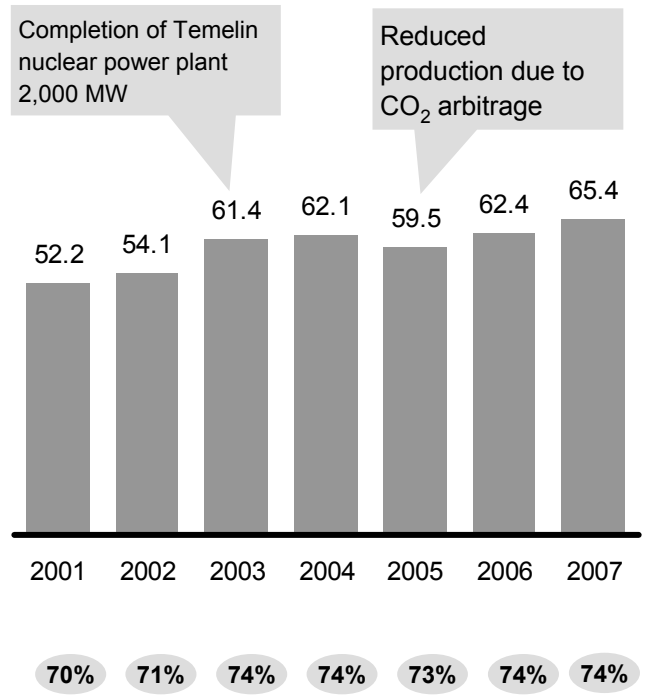


Abroad



Annual production of CEZ Group in CR

TWh



Share in power production in the Czech Republic

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

Source: CEZ

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

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

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

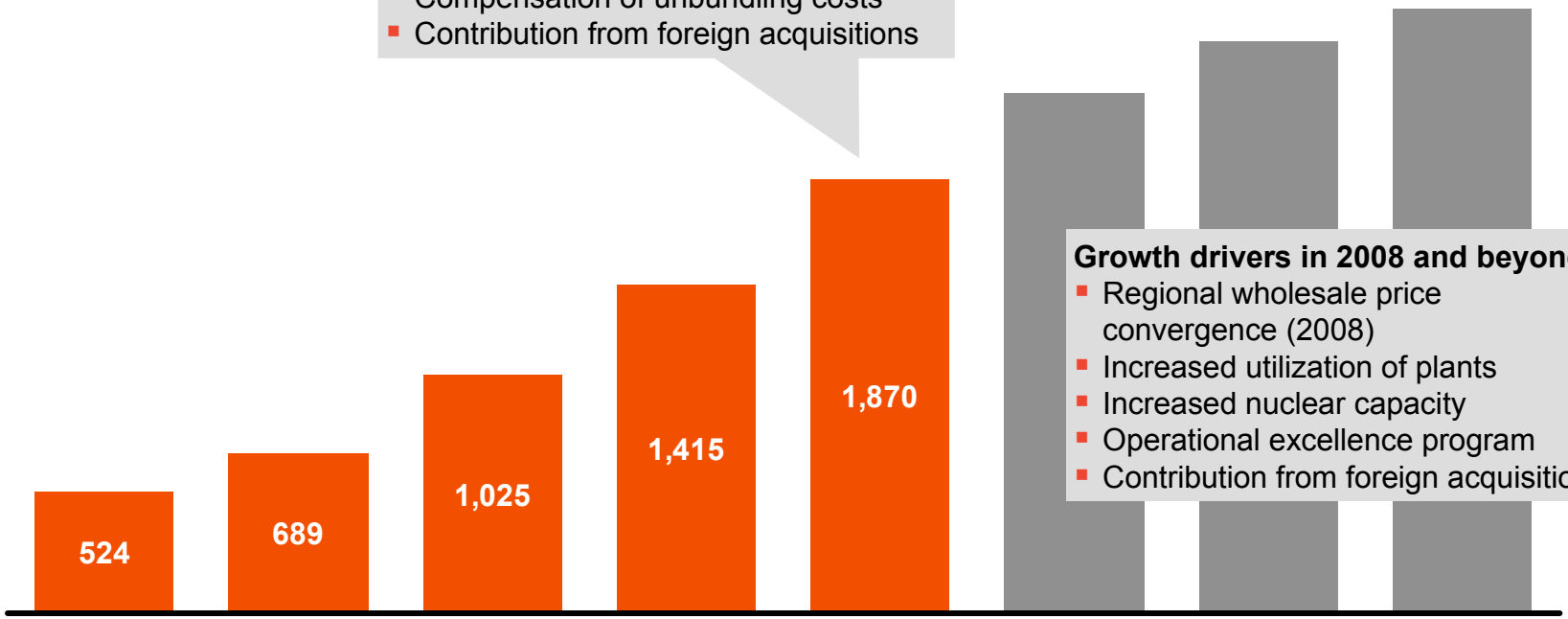
- **Nuclear generation**
  - Projected lifetime till 2027 and 2042 (Temelin)
  - Further extension technically feasible and likely to be granted
  - Increased capacity of Dukovany (~10% or 165 MW) after turbine upgrades and increase of the reactor´s thermal output
  - Increased capacity of Temelin (~4%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

Source: CEZ

CEZ GROUP MAINTAINS VERY STRONG DYNAMICS IN PROFIT GROWTH

EBIT of CEZ Group
EUR millions

Growth drivers in 2007
- Wholesale price increase
- Higner generation volumes
- Savings from restructuring (VIZE 2008)
- Compensation of unbundling costs
- Contribution from foreign acquisitions



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

Guidance as of February 2008

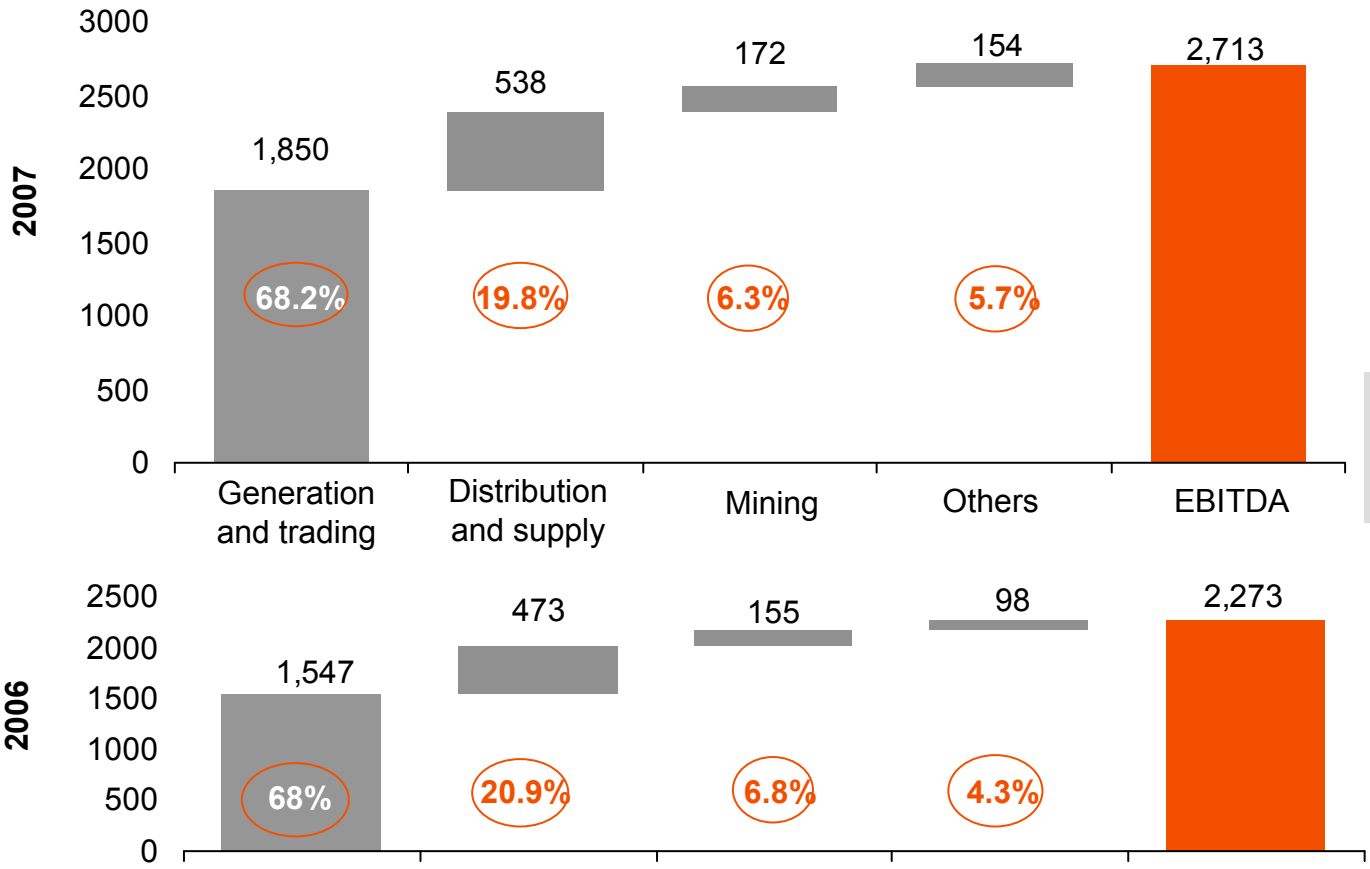
* Illustrative
Note: Exchange rate CZK/EUR = 28.30

Source: CEZ

CEZ GROUP PROFITABILITY IS DRIVEN BY GENERATION AND TRADING

EBITDA contribution in 2006 and 2007

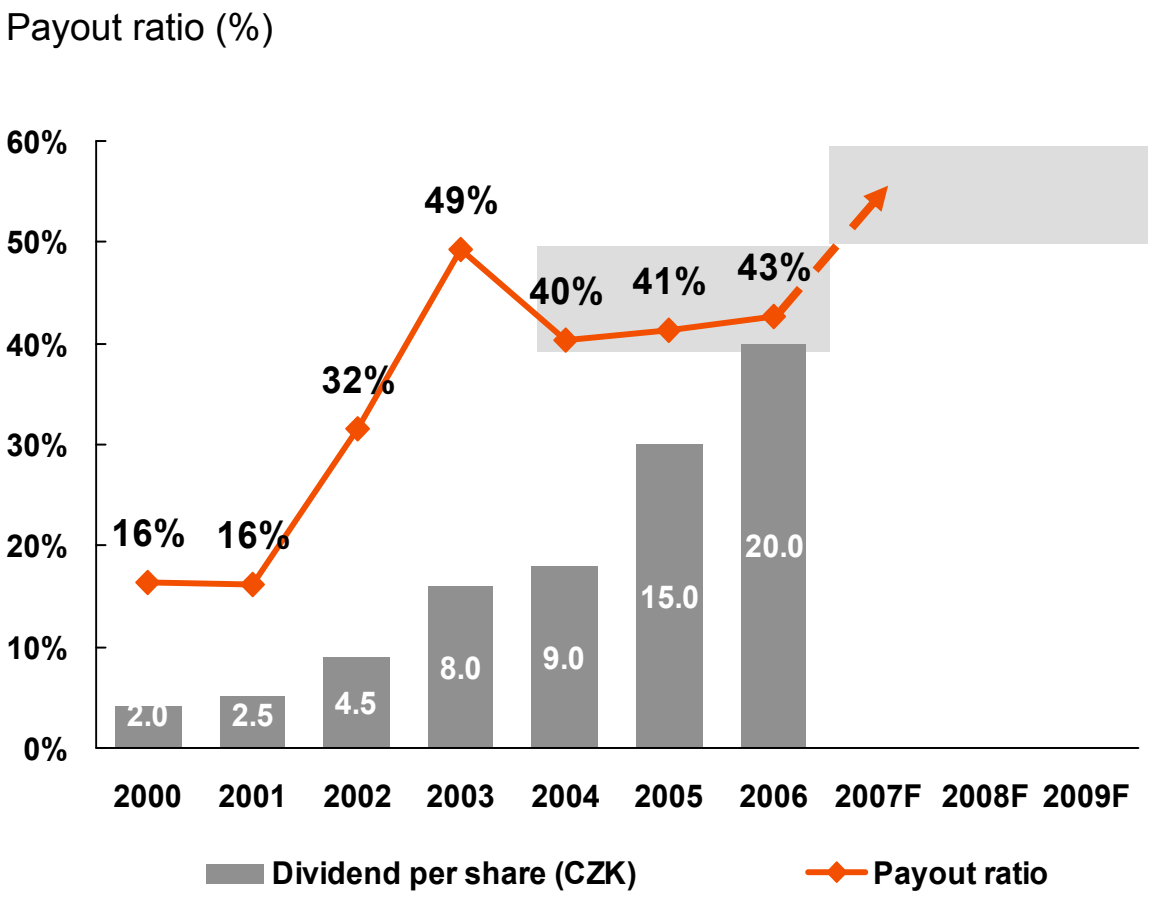
EUR m



- Generation and trading contribute more than 2/3 to overall group EBIT

Source: CEZ Exchange rate 28.3 CZK/EUR in 2006, 27.8 in 2007

CEZ HAS SIGNIFICANTLY INCREASED ITS DIVIDENDS IN THE LAST YEARS



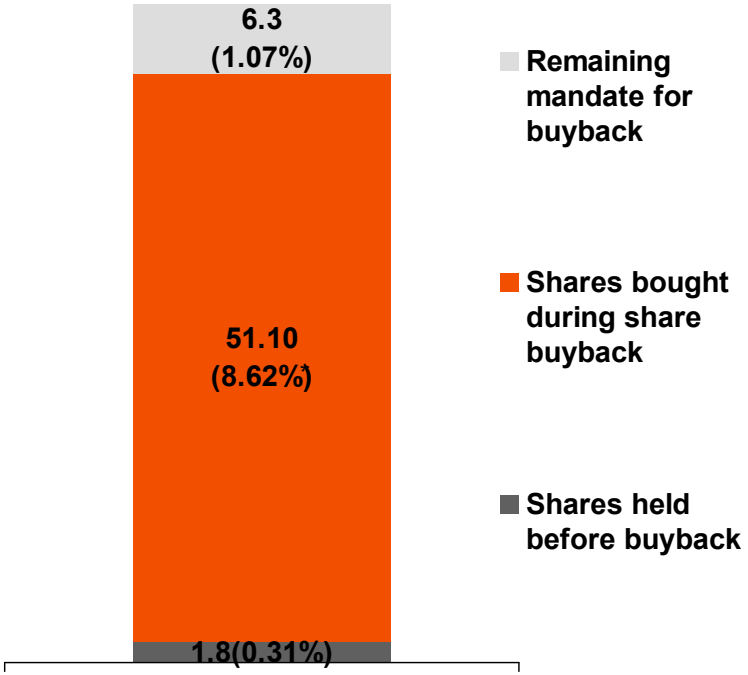
Dividend policy targets payout ratio in the range of 50% to 60% of the consolidated profit adjusted for extraordinary items

Dividend from 2007 will comply with this new policy and will reach at least CZK 35.

Source: CEZ

SHARE BUYBACK IS CONTRIBUTING TO REDUCTION OF COSTS OF CAPITAL

Own shares held as of 12th Feb 2008 (million pieces)



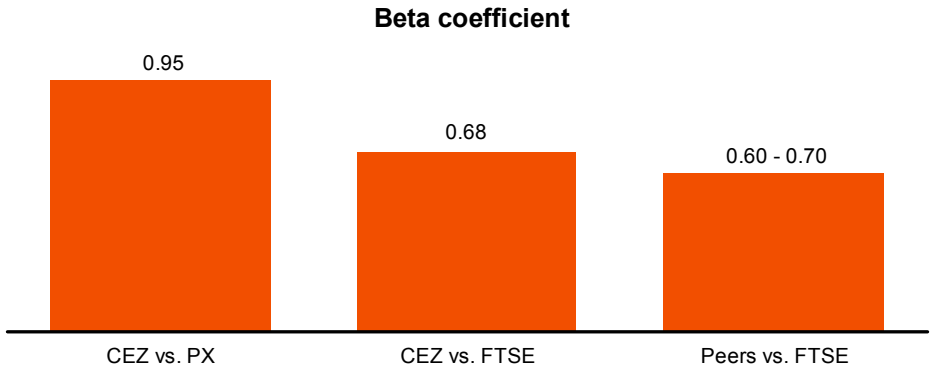
* shares traded

Cash used for share buyback from 30th Apr 07 until 21th Feb 08: **CZK 58.7 bn**

Increased indebtedness combined with use of Beta coefficient against world index (FTSE) would lead to significant reduction of average costs of capital (WACC) to **7.1%.**

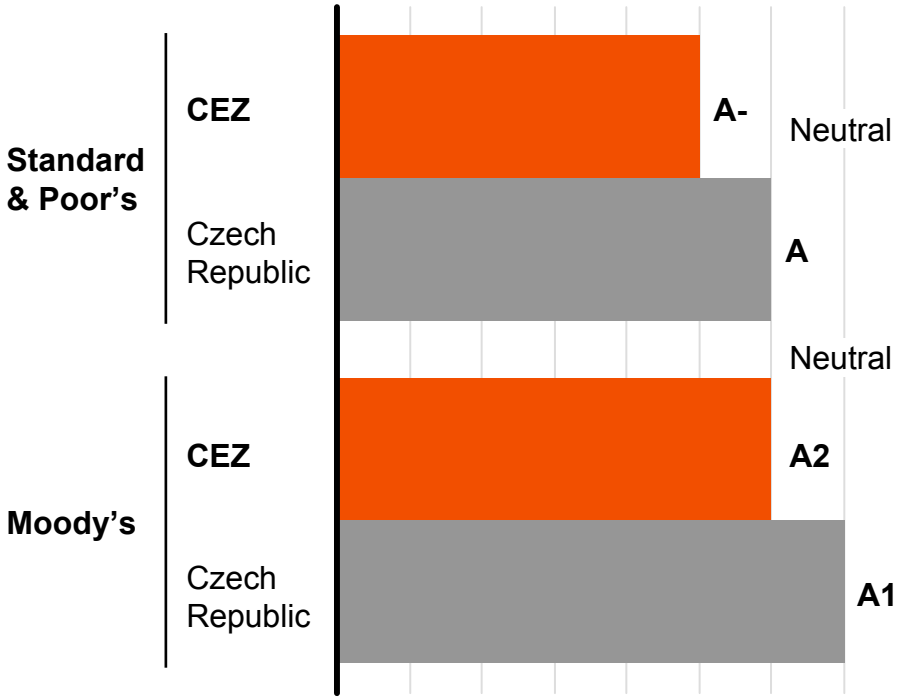
	Current situation	Target situation
Beta (unlevered)	0.95	0.68
Beta (levered)	1.09	1.05
Tax rate	24%	19%
D/(D+E)	16%	40%
WACC	**8.5%**	**7.1%**

Other WACC calculation assumptions: risk free rate 4.5 %; market risk premium 4.5 %; cost of debt 4.85 %.



CEZ MAINTAINS VERY STRONG CREDIT RATING

Credit rating of CEZ and Czech Republic

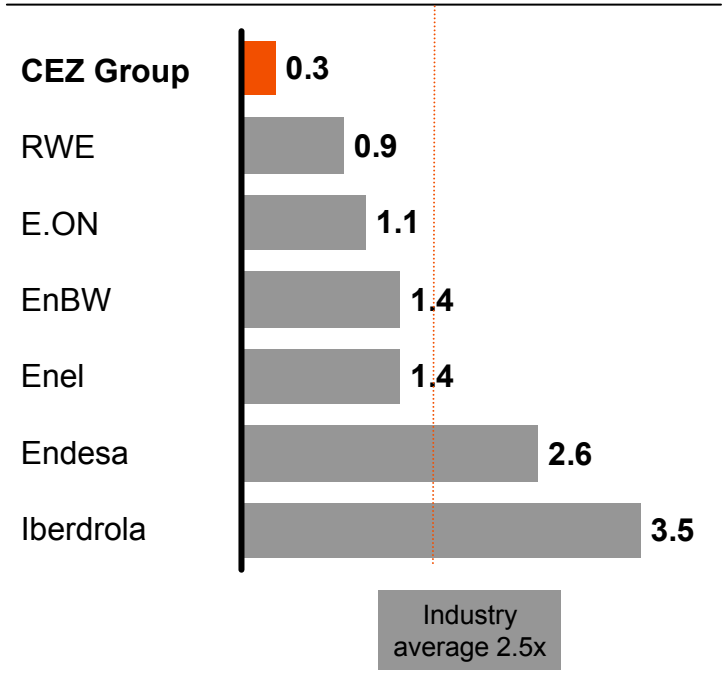


- CEZ has high credit rating just below the country risk
- CEZ has been first rated company in former Eastern Europe (1994)
- CEZ has been first and one of the largest corporate bond issuers in CEE
- CEZ is committed to maintaining its strong credit rating

Source: CEZ, rating agencies

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

Net debt/ EBITDA
Multiples, 2006



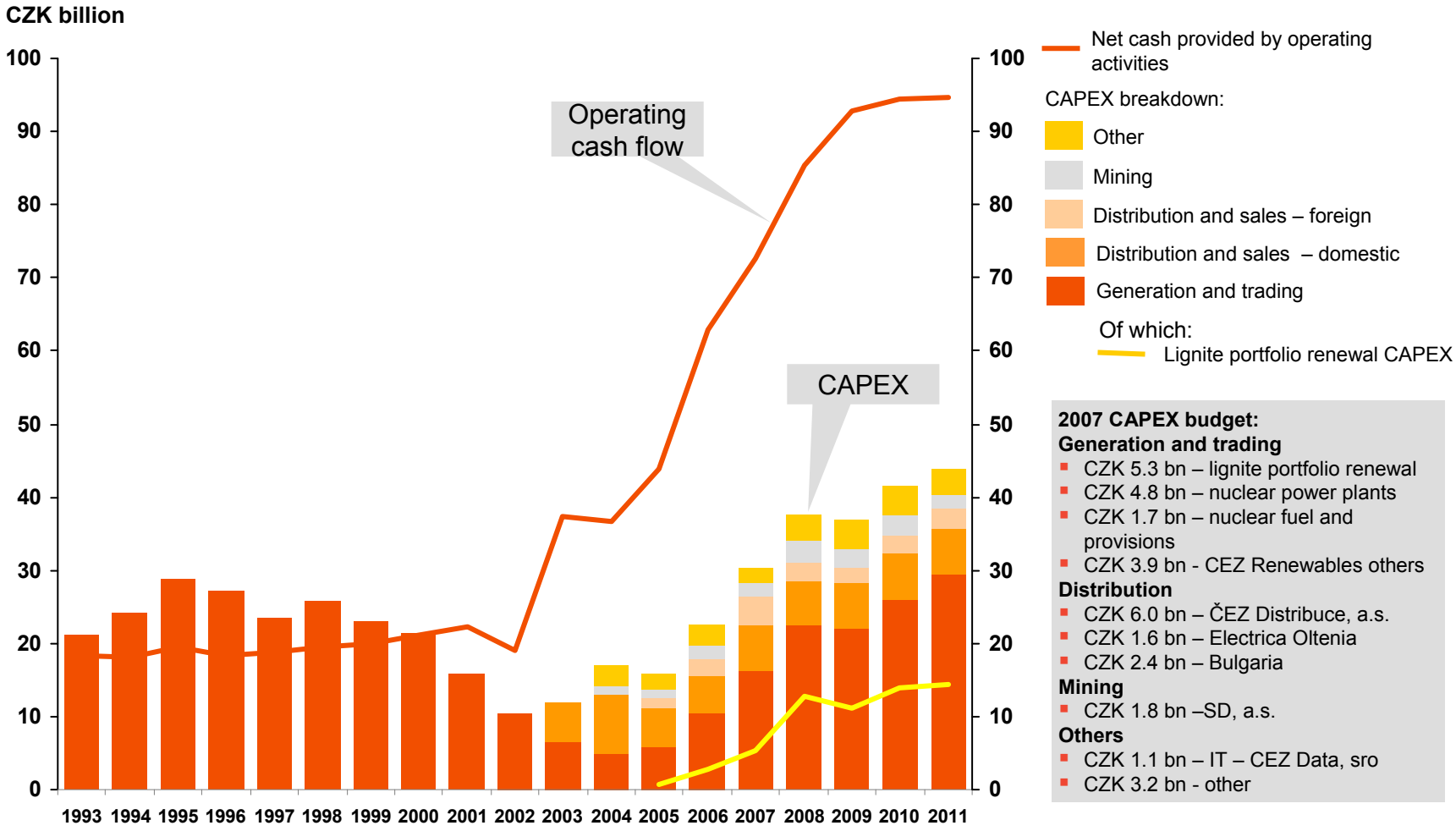
Additional borrowing capacity by 2009:

~ 4bn EUR

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

Source: CEZ, Bloomberg, respective annual reports 2006

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



2007 CAPEX budget:

Generation and trading
- CZK 5.3 bn – lignite portfolio renewal
- CZK 4.8 bn – nuclear power plants
- CZK 1.7 bn – nuclear fuel and provisions
- CZK 3.9 bn - CEZ Renewables others

Distribution
- CZK 6.0 bn – ČEZ Distribuce, a.s.
- CZK 1.6 bn – Electrica Oltenia
- CZK 2.4 bn – Bulgaria

Mining
- CZK 1.8 bn –SD, a.s.

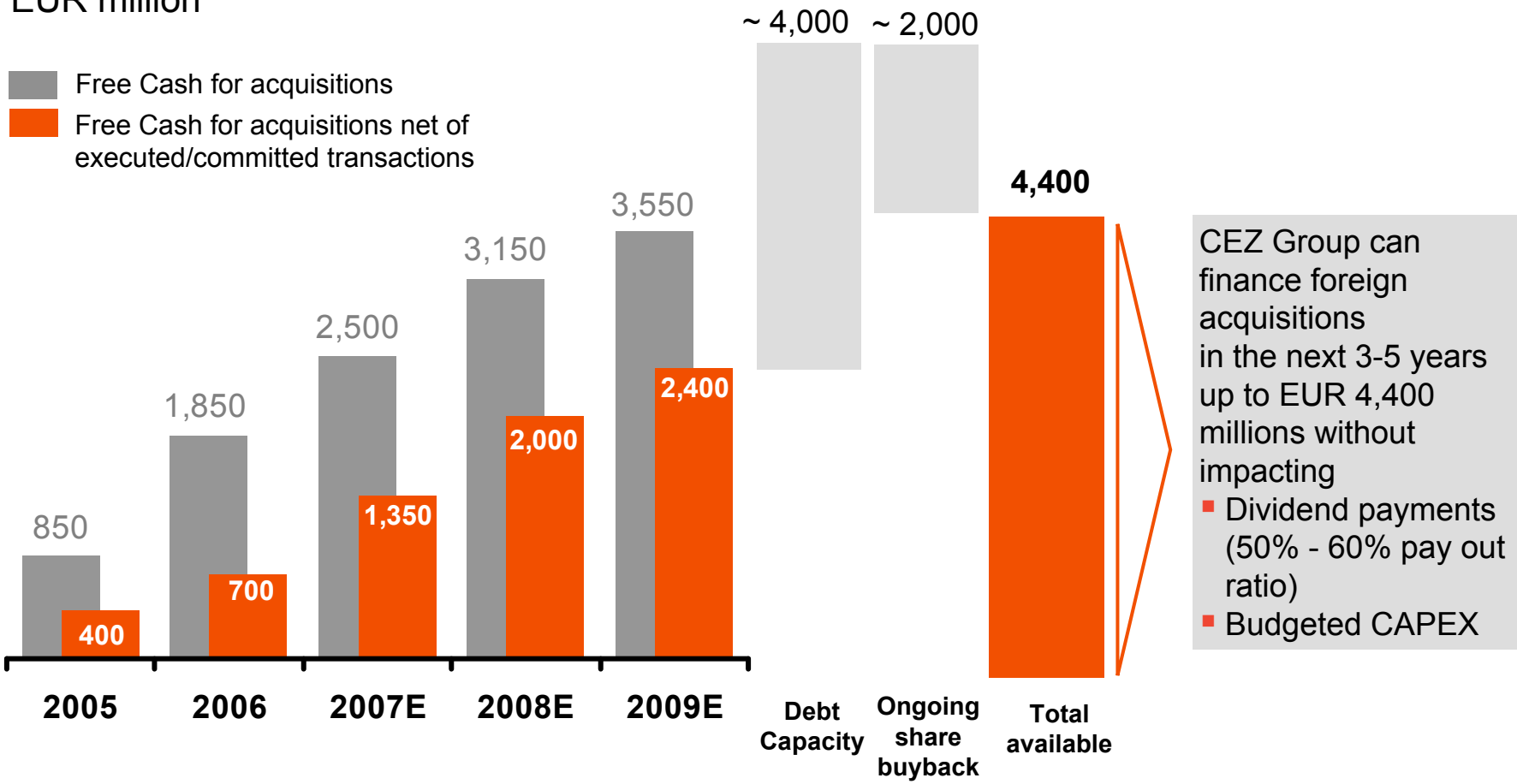
Others
- CZK 1.1 bn – IT – CEZ Data, sro
- CZK 3.2 bn - other

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 4.4 BILLION

Free cash flow of CEZ Group (cumulative)
EUR million



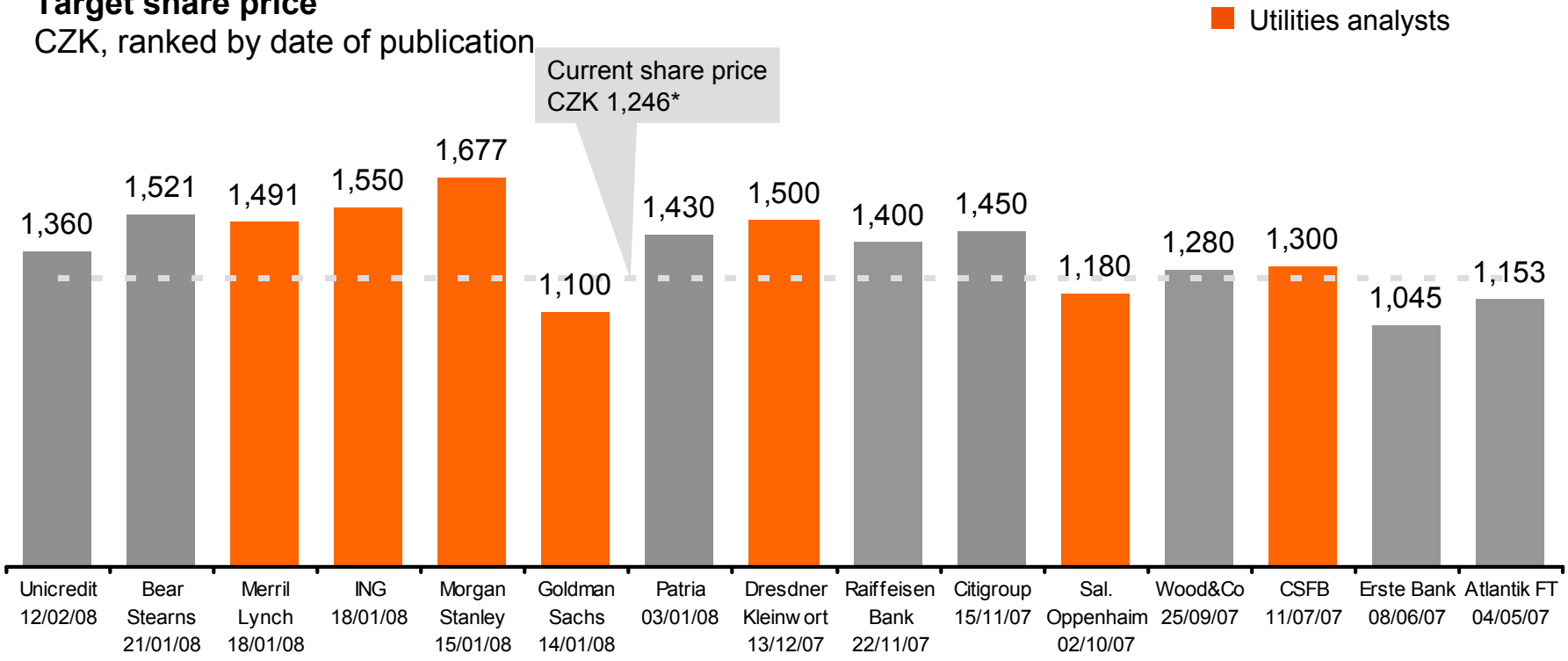
CEZ Group can finance foreign acquisitions in the next 3-5 years up to EUR 4,400 millions without impacting

- Dividend payments (50% - 60% pay out ratio)
- Budgeted CAPEX

Source: CEZ

ANALYSTS MAINTAIN POSITIVE VIEW ON CEZ GROUP PERFORMANCE

Target share price
CZK, ranked by date of publication



Recommendation:

buy	buy	buy	buy	buy	sell	hold	buy	hold	hold	hold	hold	buy	hold	buy

* February 21, 2008
Note:Some of the analysts use different rating for recommendations and/or apply different meaning to target price

Source: Analyst reports

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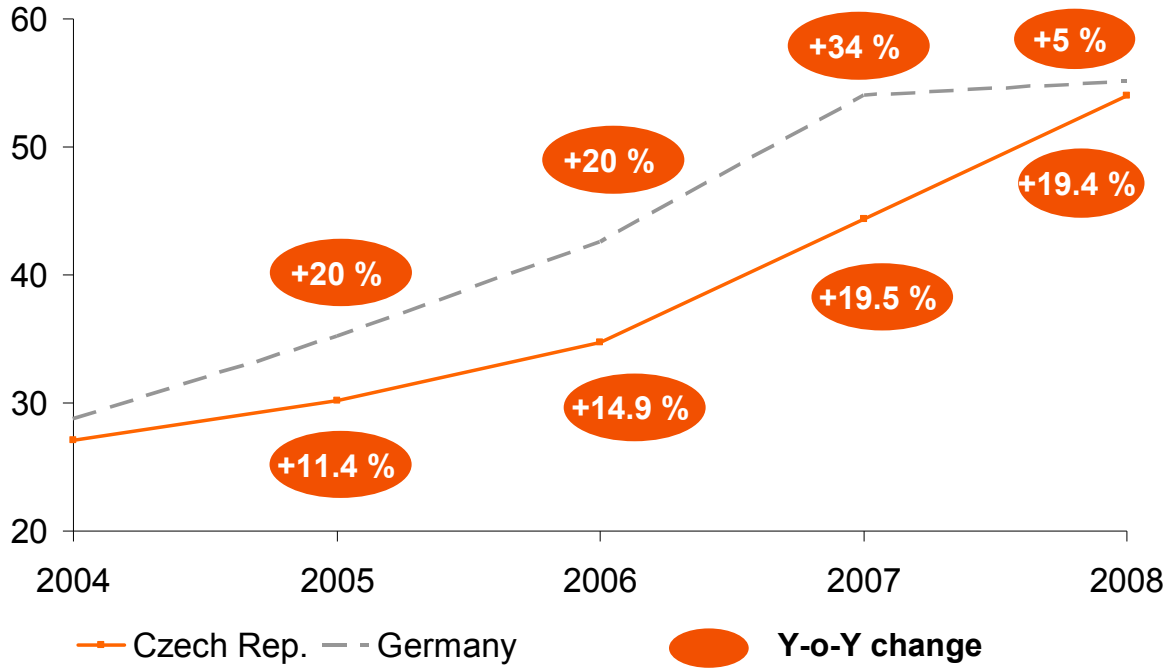
CZECH WHOLESALE PRICES HAVE CONVERGED TO GERMAN LEVELS

Wholesale power price (EUR/MWh)
(Year ahead baseload as of 15 Sep)



Current prices (Baseload Cal-09)*

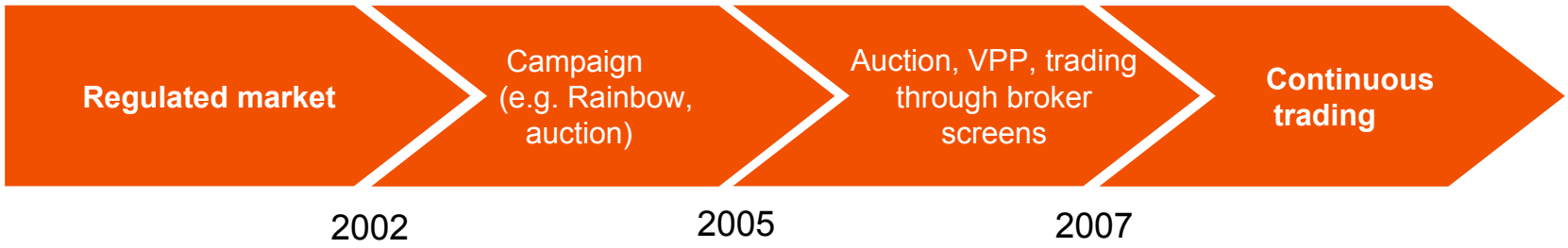
EEX – 64.2 EUR/MWh
CR – 63.9 EUR/MWh

Czech 2008 baseload is currently trading 1-2 EUR/MWh lower compared to Germany, representing only 1-3 % discount

* Prices as of 03 Mar 2008

Source: CEZ, PXE, EEX

CZECH MARKET WENT THROUGH TRANSFORMATION FROM REGULATED TO CONTINUOUS TRADING – START OF PXE



Basic characteristics of price setting mechanism in given period

- Market regulation – all prices set by price decision made by MPO CR, MF CR, then ERU
- Market wasn't unbundled – published prices both for distribution and for power

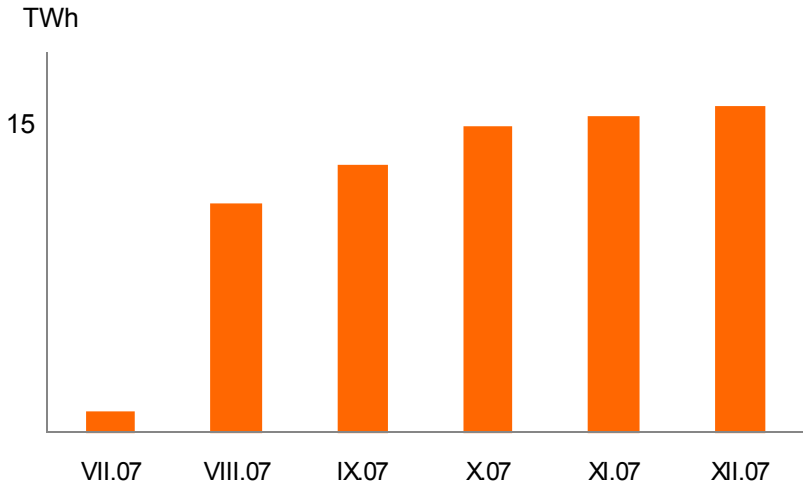
- Rainbow campaign – one annual campaign for a whole product range
- Sale of white energy – possibility to shape diagram, but limiting spot market in CR
- Later on establishment of virtual power plant auctions and baseload auctions
- Start of electronic broker platforms

- PXE – main trading platform
- Other transparent trading platforms - OTC brokers
- Permanent liquidity
- Functional spot market

Source: CEZ

CEZ FULLFILLED ITS COMMITMENT AND SOLD ALL FREE PRODUCTION ON PRAGUE ENERGY EXCHANGE (PXE)

Cumulative volume of 2008 baseload contracts sold by CEZ, a. s. since the launch of trading on PXE

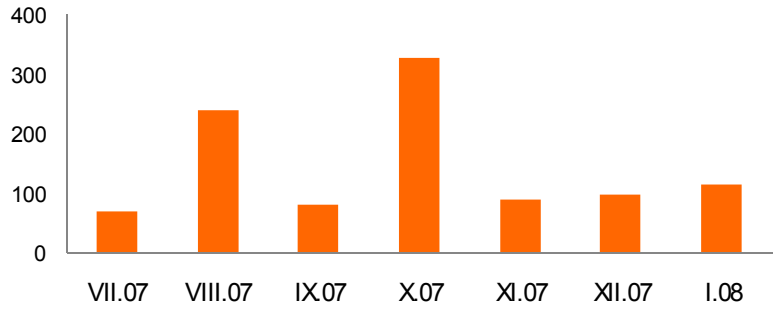


- CEZ, a. s., sold more than **15 TWh** of own production for 2008 on PXE as part of annual contracting

Development on PXE

- PXE is fully functional, there is an ongoing continuous trading, spot trading is being implemented
- Products M1, M2, Q1, Y1 have the highest liquidity
- Liquidity of products Q3, Q4, M4-6 is somewhat lower
- Activity of traders is increasing
- Entrance of international financial houses is expected

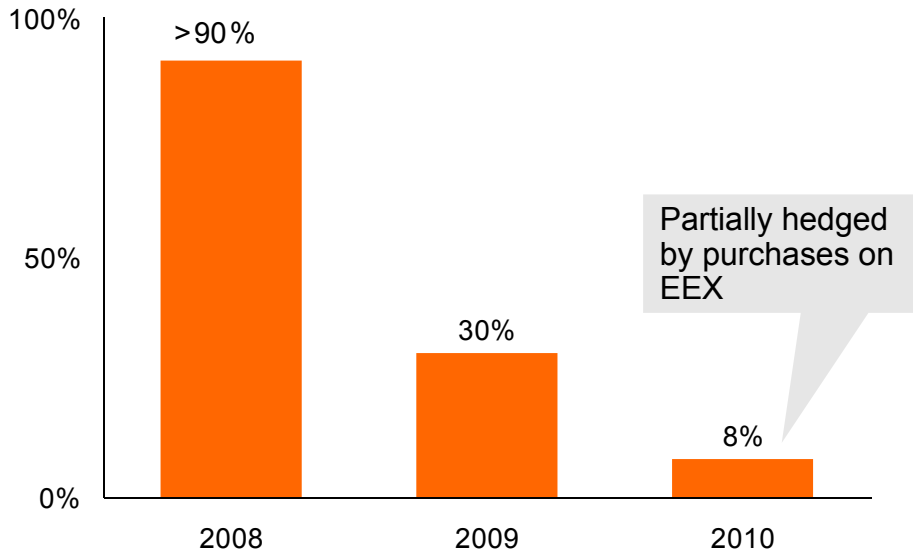
Development of number of trades on PXE



source: CEZ, PXE

LAUNCH OF CONTINUAL TRADING ENABLED CEZ TO HEDGE ITS POSITION FOR SEVERAL YEARS AHEAD

Share of hedged production from CEZ, a. s. power plants



	2008	2009	2010
Expected production* (TWh)	**62**	**60 - 62**	**60 - 62**
Average realised baseload price (Eur/MWh)**	**52**	**57**	**57**

- Thanks to existence of the exchange CEZ implemented a strategy of multi-year forward sales following the example of foreign companies
- Hedging for 2009 is done largely through sales of two-year (08/09) compound product
- Hedged position for 2010 was realised through multi-year contracts for end customers

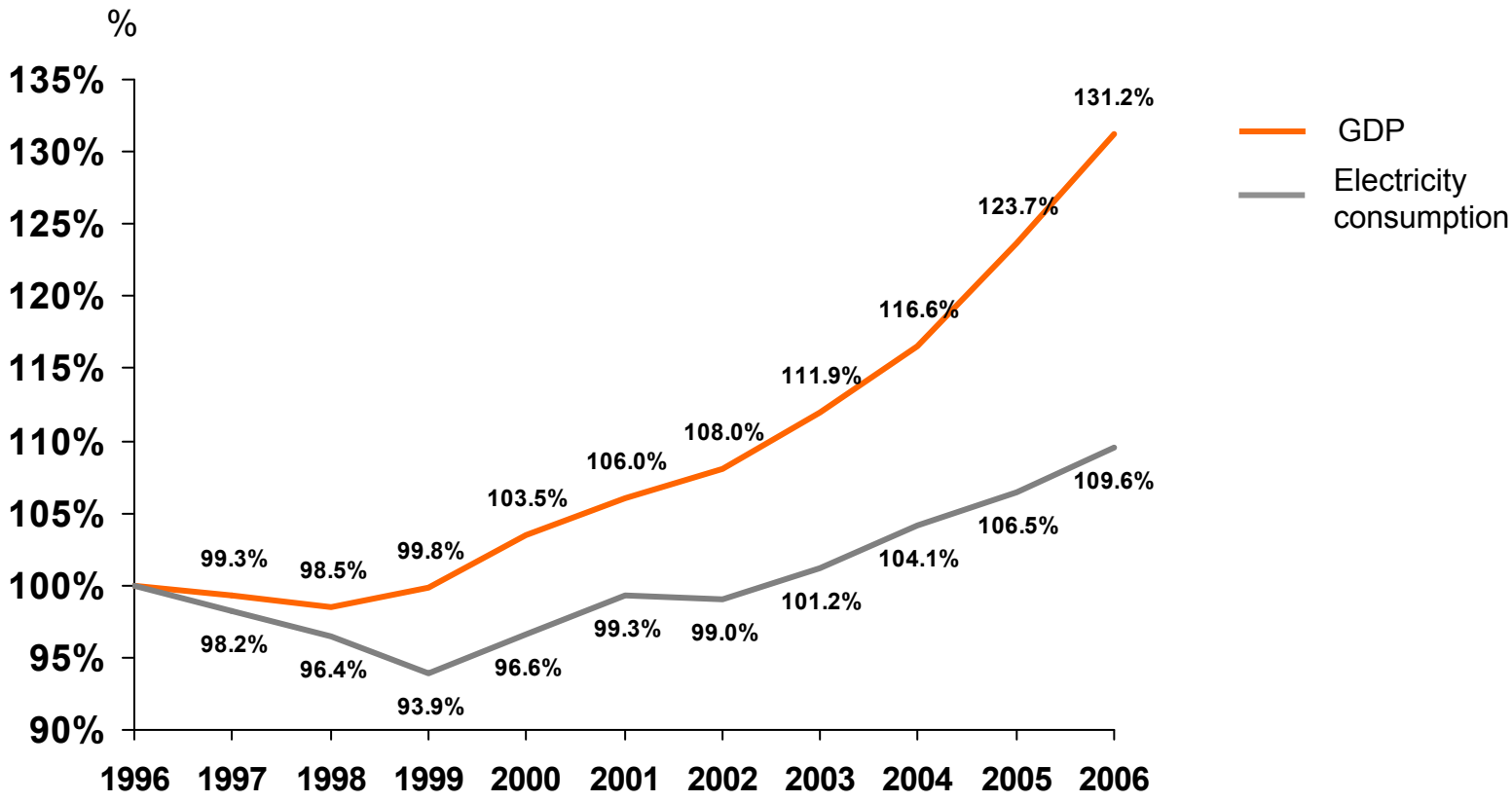
* Without own consumption

** Overall average realised price, which includes not only baseload but also seasonal products is approximately 8% higher

source: CEZ

DESPITE INCREASING POWER PRICES POWER CONSUMPTION GROWS IN LINE WITH GDP

Development of Czech GDP and electricity consumption



Source: Czech Statistical Office

FUTURE DEVELOPMENT WILL BE DRIVEN BY GERMAN POWER PRICES, WHICH ARE THE BENCHMARK FOR THE REGION

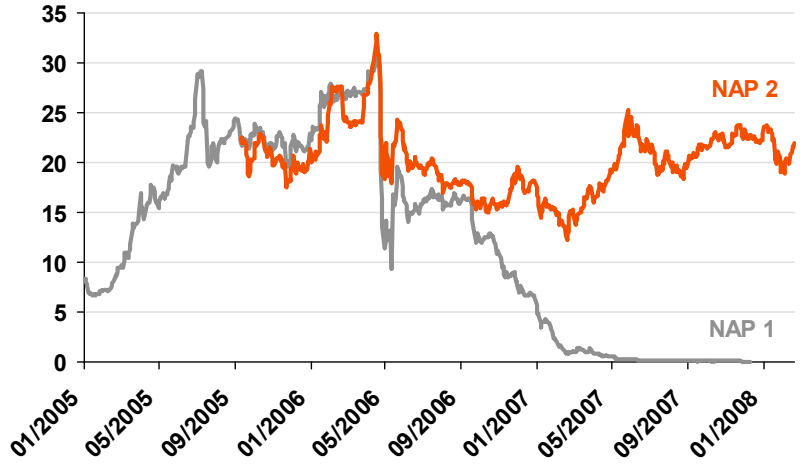
EEX Futures (baseload)
EUR/MWh

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

SUPPLY-DEMAND BALANCE IS GETTING TIGHTER : CR IS THE LAST COUNTRY IN THE REGION WITH AN EXISTING GENERATION SURPLUS

- Political decision to close down nuclear power plants (27% of current consumption)
- Even with an investment boom in the future it will max fulfil its own requirements

- The decommission of 3,500 MW of coal power plants for environmental reasons (NOx) in 2015 already for sure, potentially up to 7,000 MW
- Already the shutdown of 3,500 MW will cause, that Poland will be dependent on imports
- Currently there is no ongoing LT construction plan

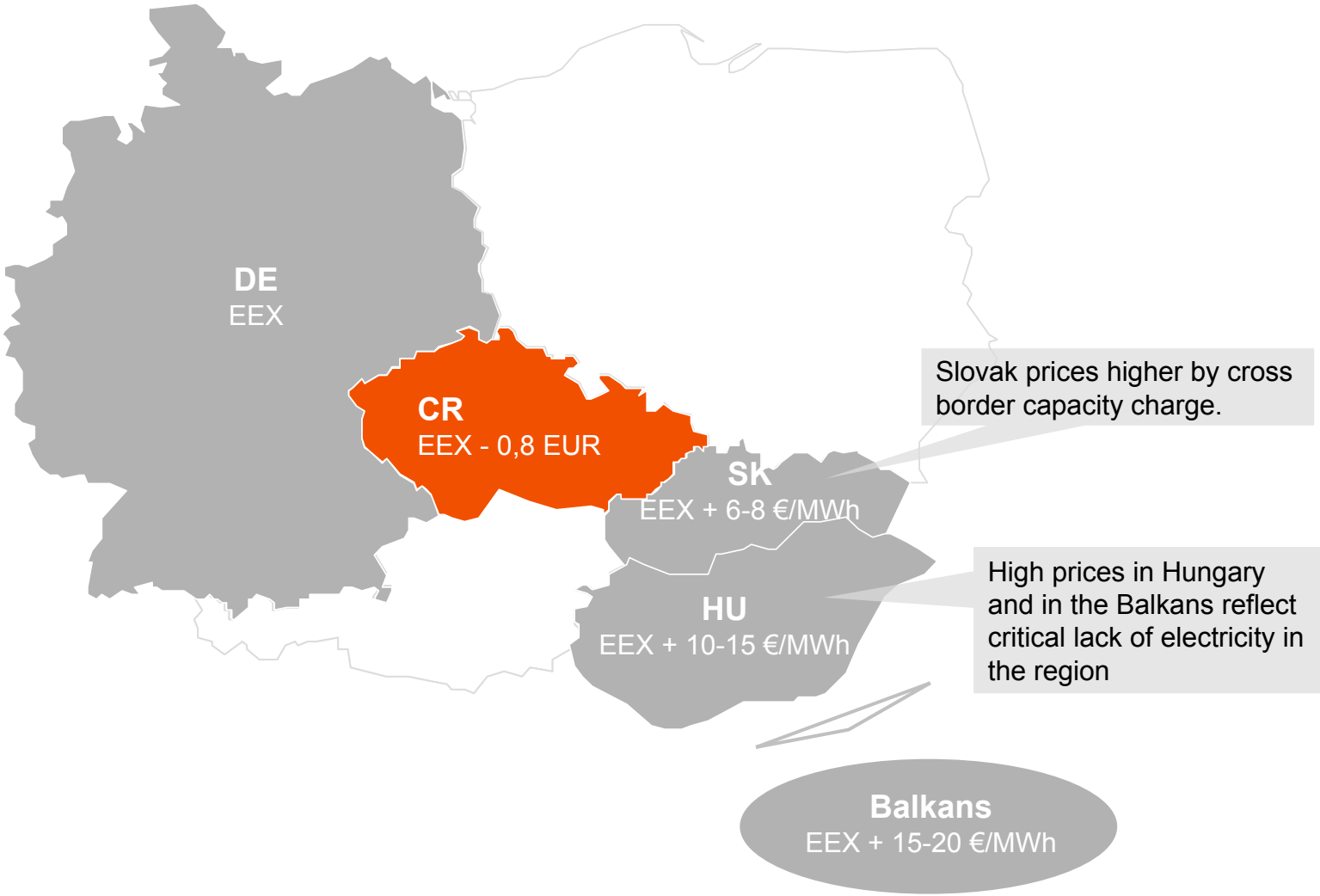
- Shutdown of total installed capacity 1600 MW by 2008 (Nováky, Vojany, Jaslovské Bohunice)

- Today dependent on imports during peaks
- Total imports in 2005 were 16.3 TWh

- The largest importer in Central Europe (18% of consumption)
- Non existing construction plans
- Limited fuel sources

source: CEZ

SHORTAGE OF SUPPLY IS PUSHING PRICES EAST OF CZECH REPUBLIC ABOVE GERMAN LEVELS

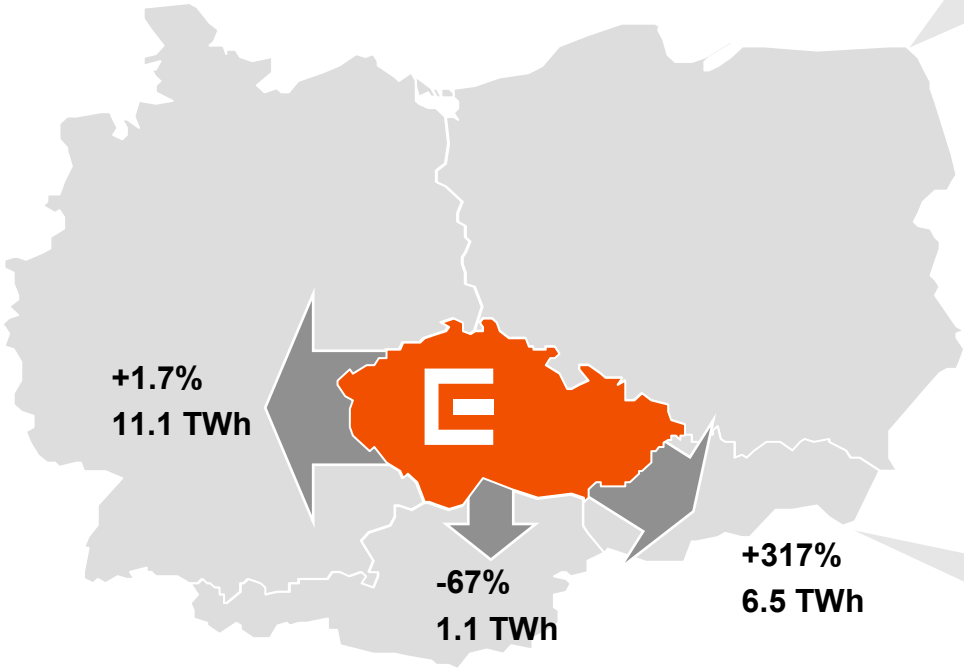


Source: CEZ; EEX; press

AND LEADS TO SHIFT OF EXPORTS FROM CR TO THE EAST – SLOVAKIA HAS BECAME NET IMPORTER ALREADY IN 2007

Balance of cross-border trade in 2007

(y-o-y change in %, balance in TWh)



Poland closed exports due to the risk of collapse of the grid and shortage of reliable generation supply

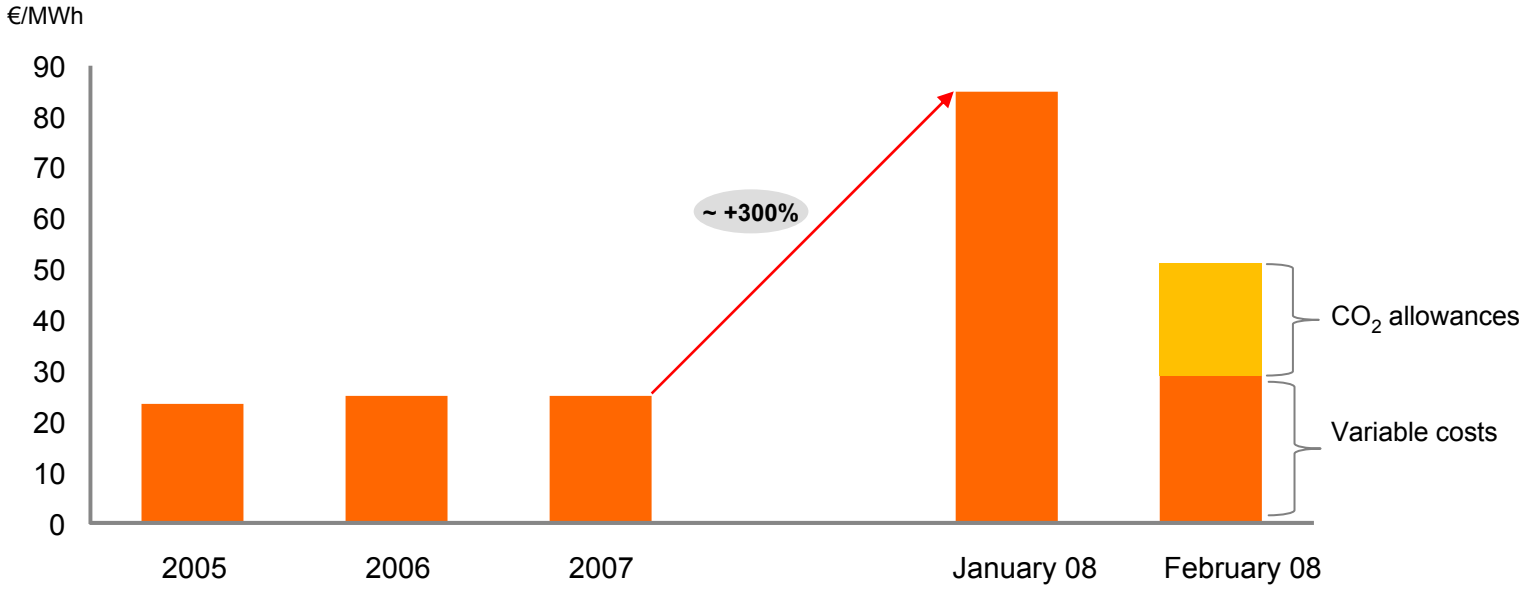
Electricity exports we directed mainly to Germany and Slovakia, y-o-y increases to Slovakia were much higher than to Germany

In 2007 Slovakia reported a deficit of 3.5 TWh, i.e. approximately 12 % of domestic consumption

source: CEPS, Czech Statistical Office

WITH MOVE TO NAP II ELECTRICITY PRICES IN POLAND INCREASED TO A MARKET LEVEL

Development of electricity prices in Poland



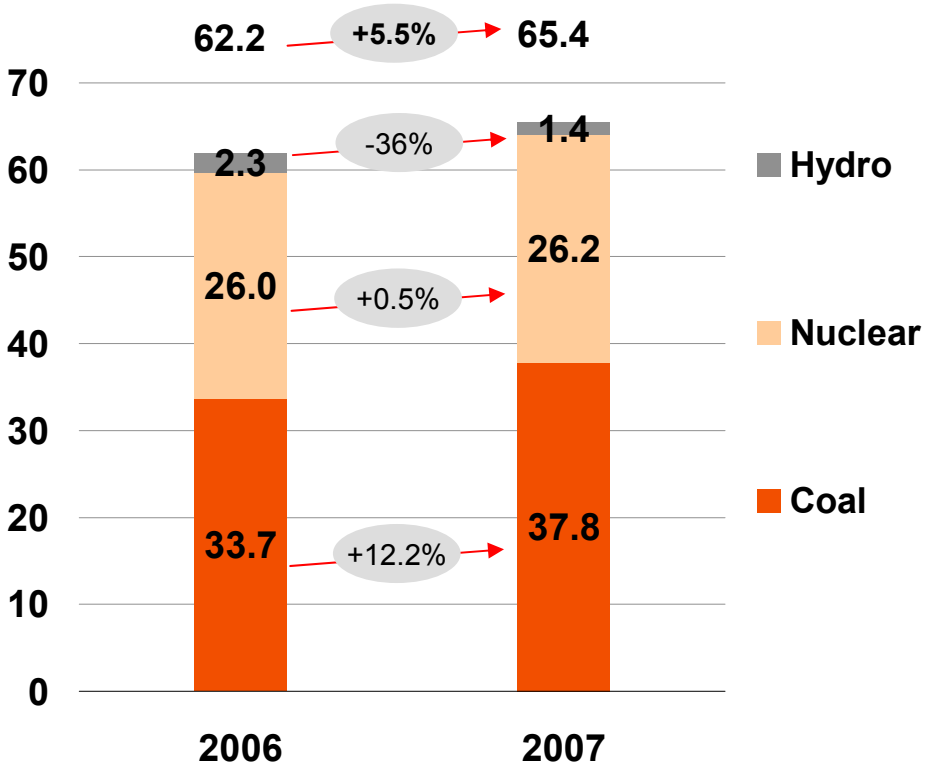
- For several past years Polish power prices did not reflect the costs of CO_2 allowances
- Power prices dramatically increased in the beginning of 2008 and then stabilised on the level above 50 €/MWh. They now reflect not only the variable costs of fuel but also price of CO_2 allowances

source: PolPX

GENERATION VOLUME OF CEZ IN THE CZECH REPUBLIC REACHED HISTORICAL HIGH OF 65.4 TWh IN 2007

Generation of CEZ, a. s. (gross)

(TWh)



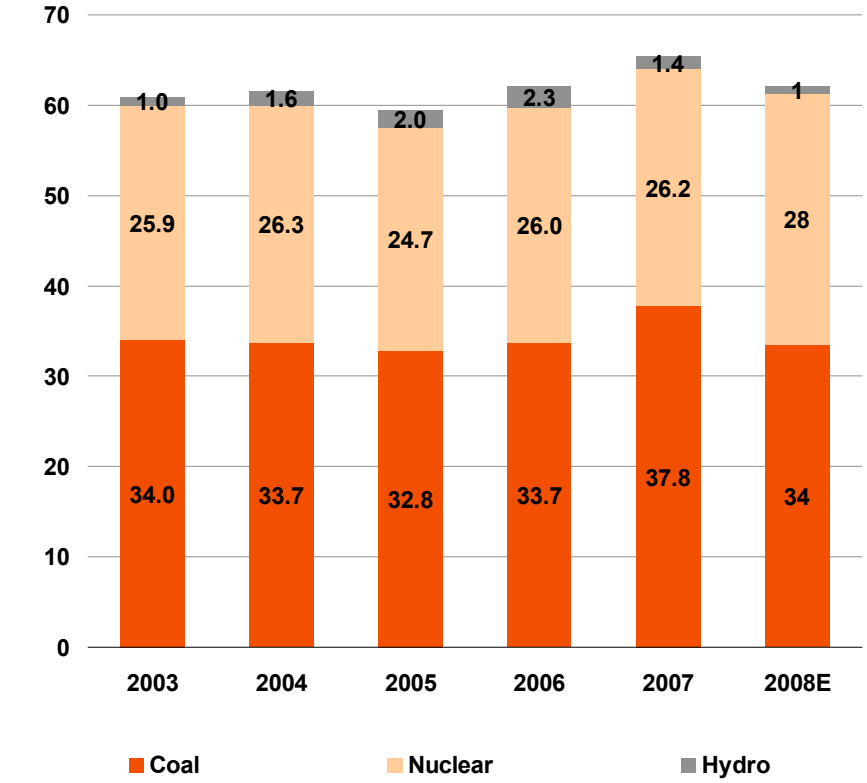
- Despite very warm winter domestic demand increased by 0.6 % (1.5 % on temperature adjusted basis)
- CEZ took advantage of close to zero price of CO2 allowances and increased generation in coal power plants by 12.2%
- Generation in nuclear power plants reached increased by 0.5% despite additional refueling outage of Temelín´s 1st unit in Q1 2007

Source: CEZ

IN 2008 CEZ EXPECT TO INCREASE GENERATION FROM NUCLEAR POWER PLANTS BY 7% TO 28 TWh

CEZ, a. s. generation volume (gross)

(TWh)

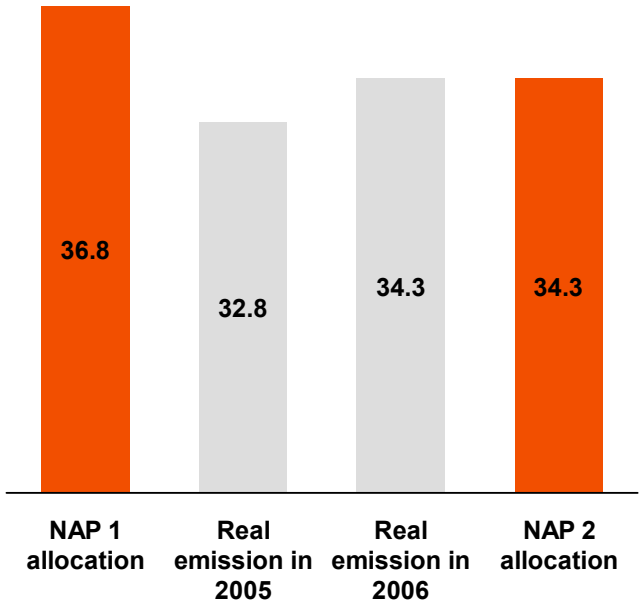


- In 2008 generation volume budgeted to reach the approximately same level as in 2006
- Generation in nuclear power plants should increase by 7% to 26TWh

Source: CEZ

NAP 2 ALLOCATION IS SUFFICIENT TO COVER CEZ GENERATION NEEDS

CO_2 Emissions of CEZ, a.s.
Mil. Tons



Key measures taken to earn additional margin from saving of CO_2 allowances

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

JI/CDM PROGRAM OF CEZ GROUP

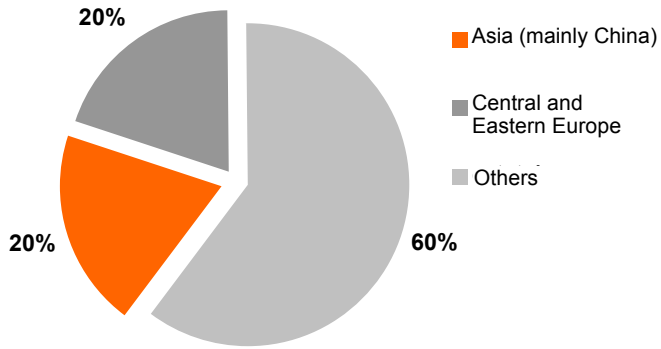
JI (Joint Implementation), CDM (Clean Development Mechanism) – mechanisms of Kyoto protocol, which enable investments into projects for reduction of green house gases and their import to ETS for utilization instead of CO_2 allowances

- Until 2012 CEZ Group can import to EU ETS approximately 21 m of CER credits from JI/CDM
- So far CEZ contracted more than 10 m of credits with deliveries in 2008-2012
  - Directly from CDM projects
    Example : wind farm or project of biomass power plant in China
  - On secondary markets

Next steps in development of JI/CDM program of CEZ Group: direct investments into projects

- To import at least 10 m of CER credits by 2012
- Current pipeline includes projects with volume > 15 m CO_2 credits
- Expected composition: > 70 % energy projects (renewable energy, fire damp, energy savings)

Expected geographical composition JI/CDM portfolio of direct investments



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  - **Integration and operational excellence** 45
  - **Plant portfolio renewal** 57
  - **International expansion** 67
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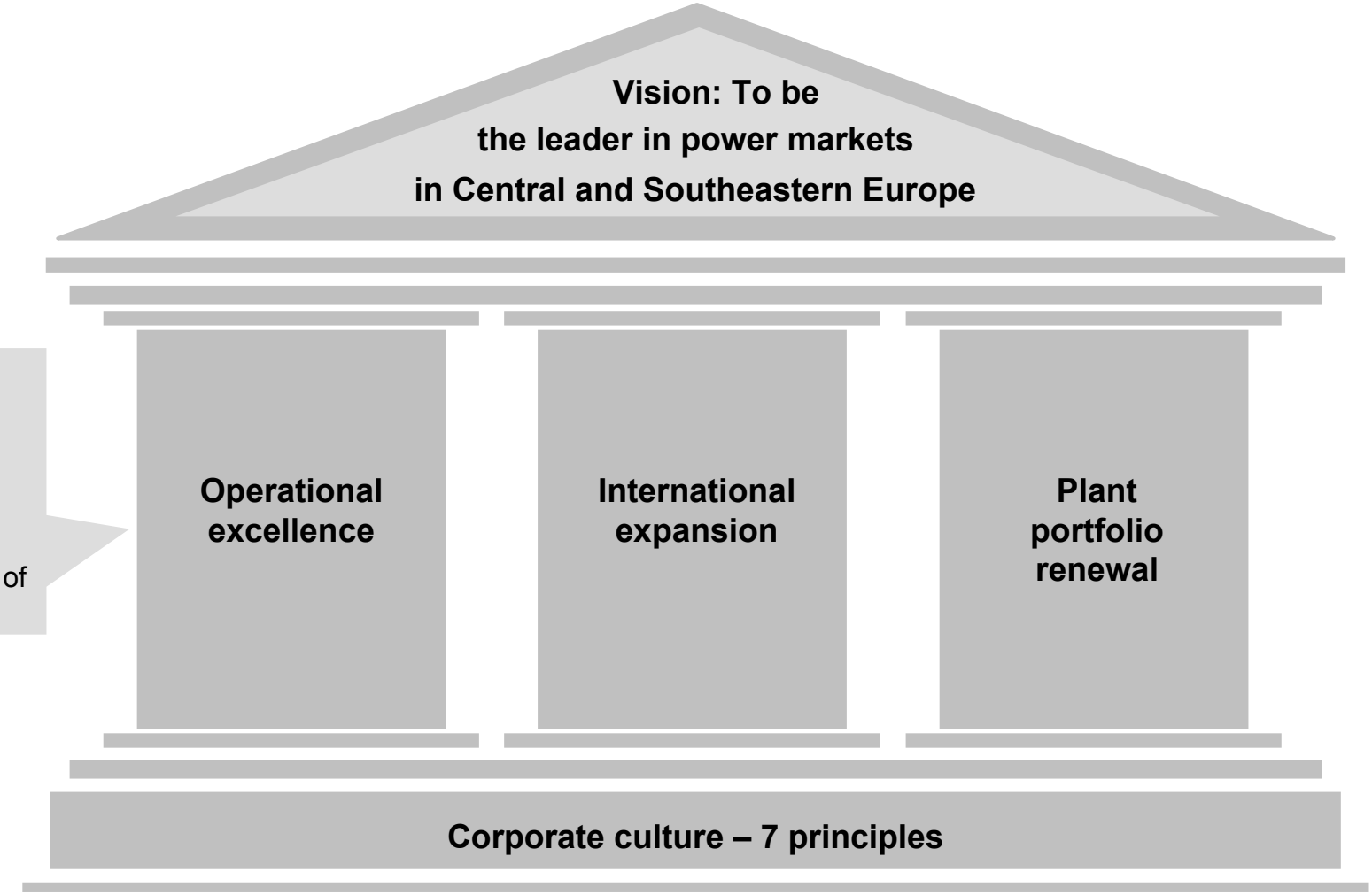
CEZ GROUP HAS LAUNCHED FOUR KEY STRATEGIC INITIATIVES TO ACHIEVE ITS VISION



New initiative replacing successfully VISION 2008, which was completed 18 months ahead of the schedule

Source: CEZ

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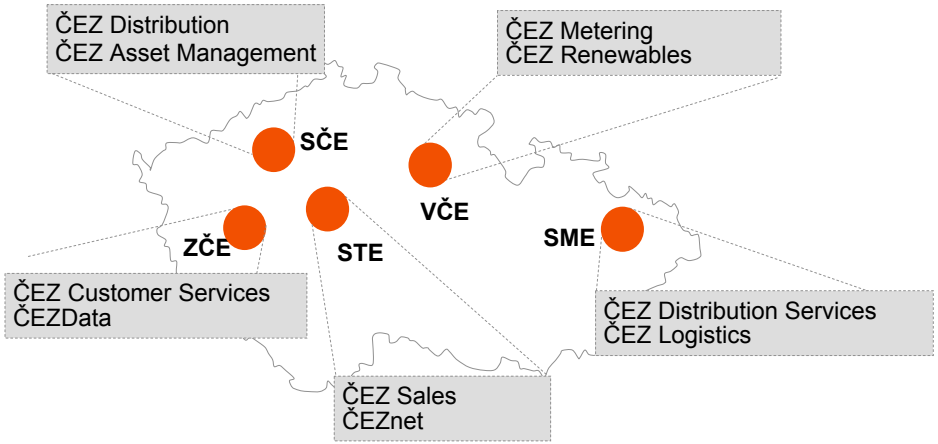
PROJECT VISION 2008: CEZ GROUP TRANSFORMATION INTO AN INTEGRATED, PROCESS ORIENTED AND HIGHLY EFFICIENT ORGANIZATION WITH SEPARATED DISTRIBUTION AND OTHER ACTIVITIES

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



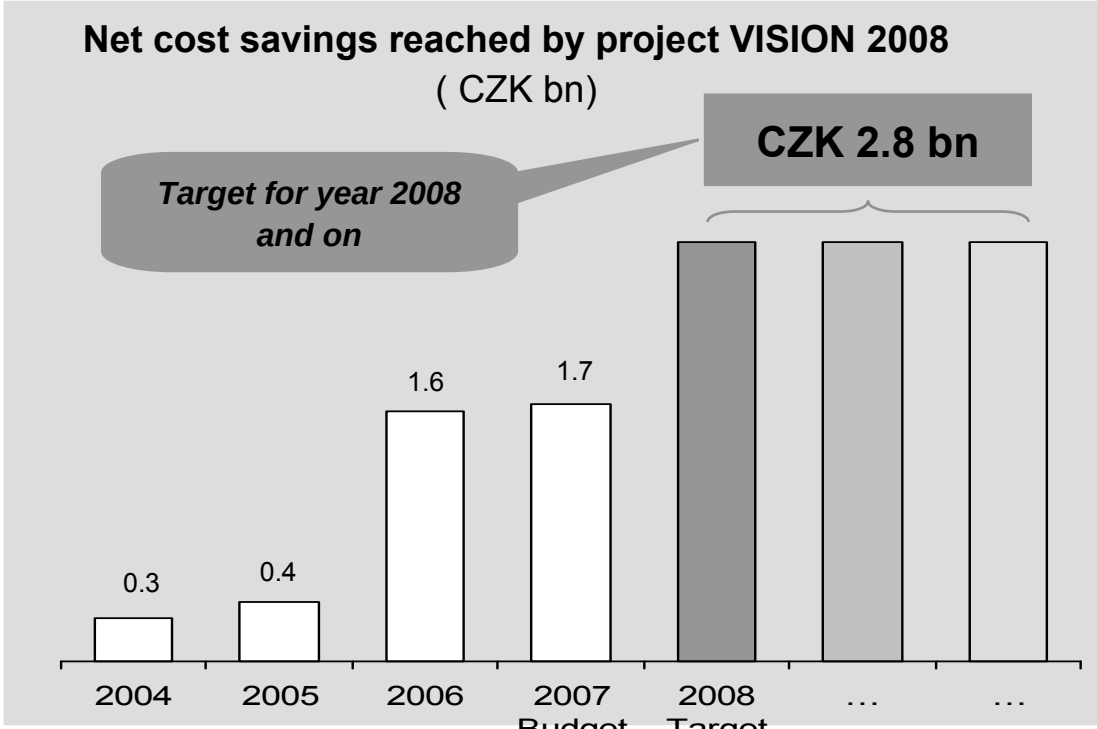
- Main executed transformation steps:
  - Set up of 10 new companies.
  - More than 60 big transactions (outsourcing, contributions, mergers).
  - Asset transfer in value of app. CZK 77 bn
  - Transfer of more than 6 500 employees.
  - Set up of necessary information systems.
  - Transfer of related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

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

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

Continuous service quality improvements

+



PROJECTS UNDER UMBRELLA OF "OPERATIONAL EXCELLENCE" WILL BRING FURTHER EFFICIENCY IMPROVEMENTS

Key projects within "OPERATIONAL EXCELLENCE" initiative

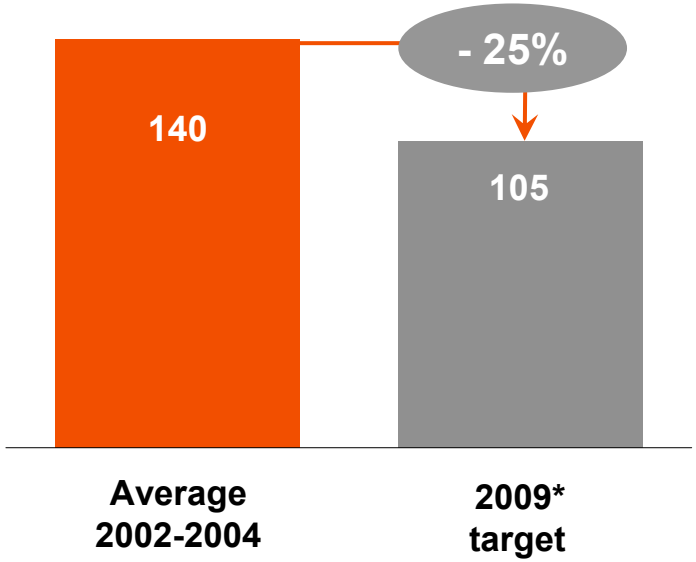
Nr.,	Project	
①	Transformation of ICT	Cost effective function of internal ICT suppliers
②	Lean Company	Process improvements in CEZ Group, particularly at headquarters
③	Customer	To become the company with the best customer services in the Czech Republic by 2009
④	Best Practice in Distribution	To optimize processes to the level of the best European companies by 2012
⑤	Integration of Foreign Equity Participations	Full integration of foreign equity participations to CEZ Group
⑥	Safely 15 TERA Temelín	Increase of production to 15 TWh by 2010 (technical innovations, limiting of unplanned shutdowns, shortening of re-fuelling outages)
⑦	16 TERA Dukovany	Increase of production by 2013 (technical innovations, shortening of re-fuelling outages)

Total benefits for CEZ Group in the following five years at the amount of CZK 19 bn compared to the base year of 2006, will enable us to keep costs under control in an inflationary environment

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

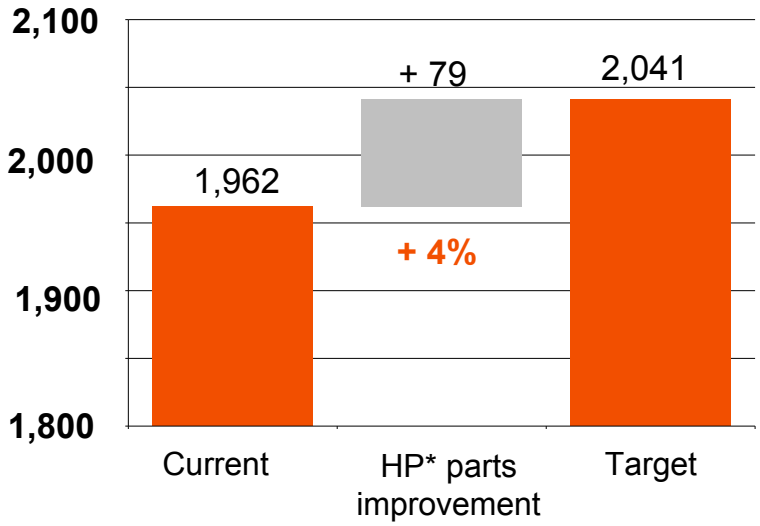
* Assuming „normalized“ R&M workload, prices not adjusted for inflation

Note: exchange rate CZK/EUR = 28.5

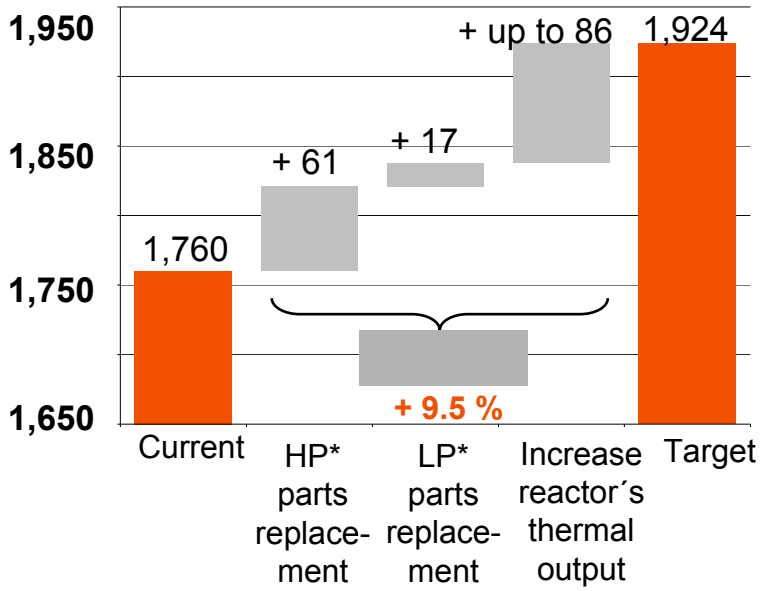
Source: CEZ

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

Temelin capacity increase
MW



Dukovany capacity increase
MW



Additional production of 0.6 TWh

Status:

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

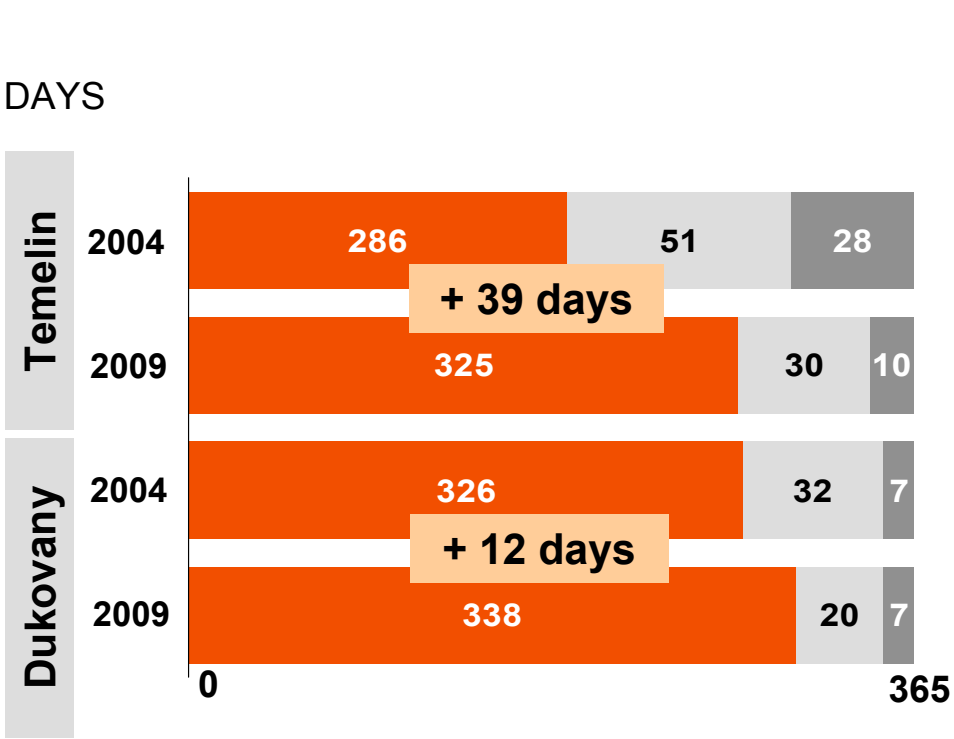
* HP – High Pressure, LP – Low Pressure

Additional production of 1.3 TWh

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

Source: CEZ

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



Generation

Refuelling

Other outages

- 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)

Source: CEZ

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

- **What we are still not satisfied with**
  - Extension of outages (fuel and repeated repairs).
  - Necessary rod drop tests .
  - Number of operating events.
- **Negatives it brings**
  - Impact on production and economy of CEZ Group.
  - Large media attention and media pressure.
  - Political impact, international aspects.
  - Virtual Temelin – media picture does not correspond with real conditions of the power plant.

- **Tool**
  - Project „Safely 15 TERA"
    - Technical adjustments
    - Organizational adjustments
    - Development of safety culture
- **Principles**
  - Safely
  - In a controlled way
  - Economically
  - In a transparent manner

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

Medium term horizon (3 – 5 years)

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

Technical adjustments	Organizational adjustments	Development of safety culture
▪ New strategy of fuel cycle (spent fuel storage, development projects and licensing program, etc.) ▪ Technical innovations program (HP rotor, diesel generator, room 820, etc.) ▪ Effective coordination and outage optimization	▪ Personnel changes at plant's management ▪ Transfer of some units to direct subordination of the NPP director ▪ Organizational changes in Generation division, set up of Asset Management and Central Engineering units.	▪ Long term program based on similar experience of Dukovany NPP. ▪ Consistent enforcement of proven principles of nuclear community

REGULATORY ENVIRONMENT IN THE CZECH REPUBLIC IS FAIR AND TRANSPARENT

2002-04	2005-09	2010-14
1st regulatory period	**2nd regulatory period**	**3rd regulatory period**

▪ Introduction of RPI-X regulation
▪ Starting values of regulation parameters defined
▪ Full pass-through of the wholesale price
	▪ Regulation parameters reassessed for distribution after unbundling (WACC, RAB, allowed costs, …) – Average revenue cap of CEZ Distribution up by 13 % (2005-7 / 2002-4)
	▪ Main new factors
	  ▪ Coverage of unbundling costs EUR 30-40 million agreed for 2006-2009
	  ▪ Revaluation of asset base up potentially by 94% (target vs. 2004*)
		▪ 2008 will be a benchmark year for 3rd regulatory period

* Detailed description on the following slide - chart RAB development

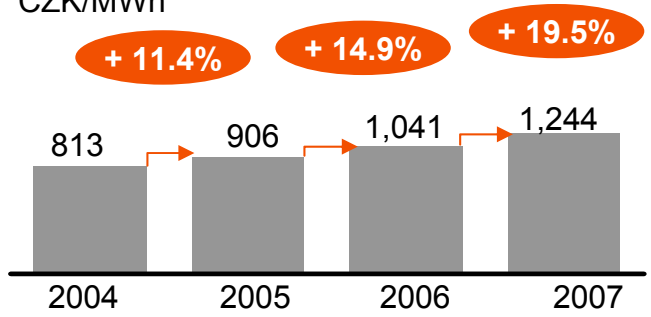
Source: CEZ, ERU

CEZ GROUP CONTINUES INCREASING SALES MARGIN WHILE PROTECTING MARKET SHARE

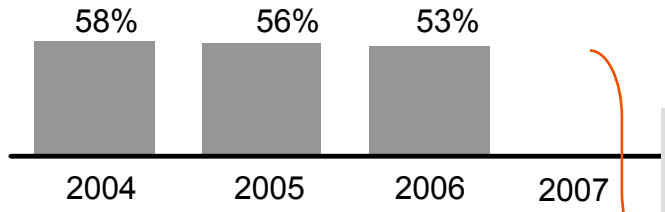
Distribution regions of CEZ Group

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

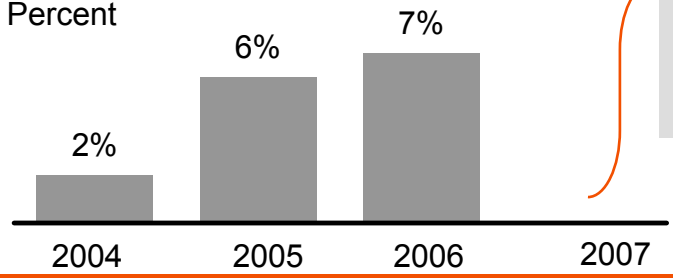
Domestic wholesale baseload
CZK/MWh



Market share in power supply
Percent of MWh



Average supply margin
Percent



Target:

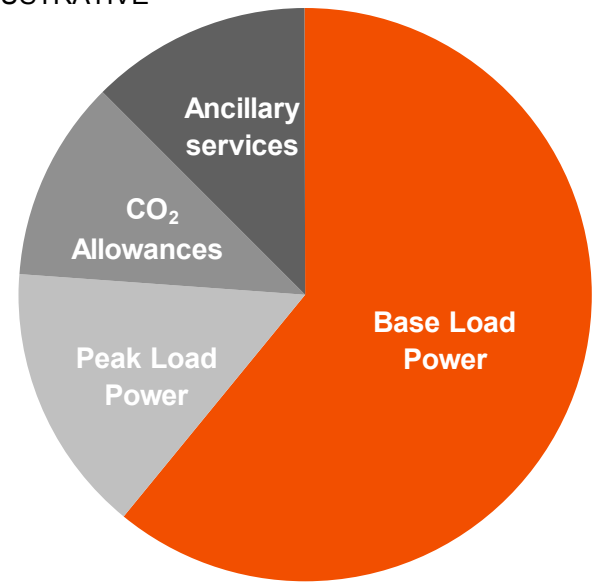
maintain profitability (no need to keep market share at any cost)

Source: CEZ, ERU

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

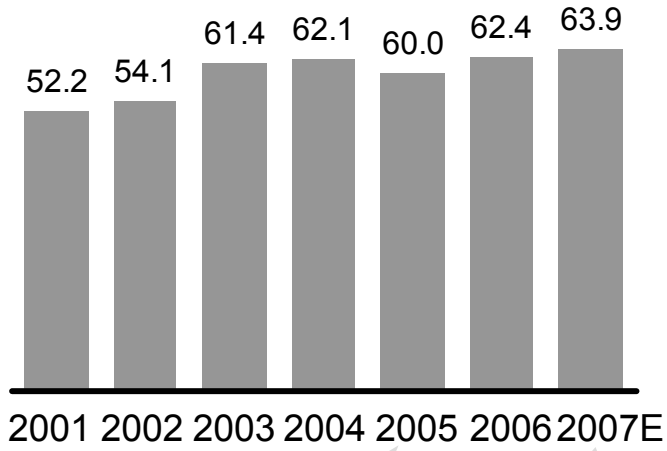
Split of wholesale margin by sales options

ILLUSTRATIVE



Annual production of CEZ, a.s.

TWh



Reduced production due to CO2 arbitrage

Growth driven by relative lack of supply in the region

Source: CEZ

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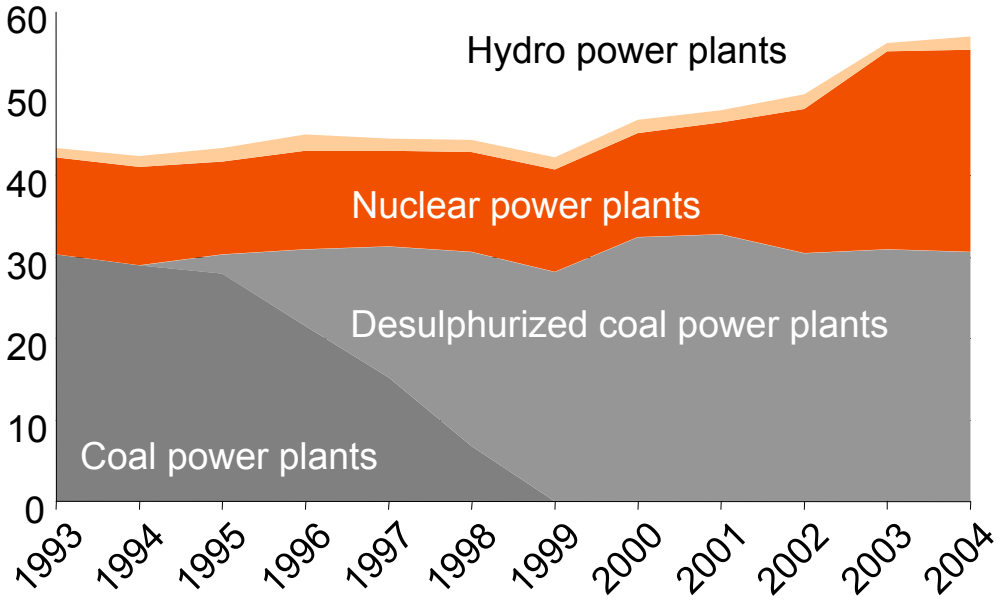
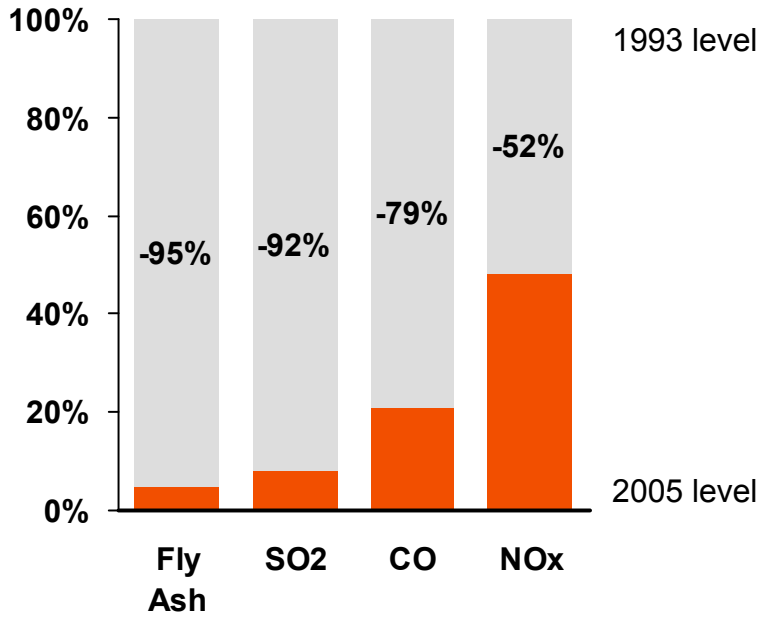
CEZ OPERATES THE ONLY CLEAN GENERATION FLEET IN CEE

Generation structure of CEZ Group
TWh



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

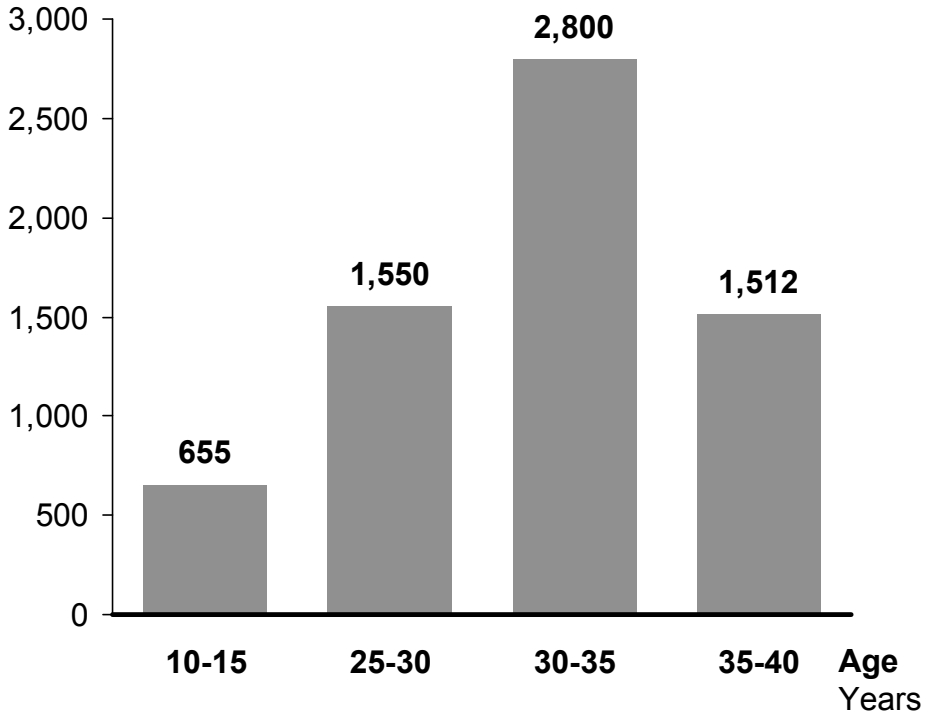
CEZ Group emission change 2005/1993
Percent



Source: CEZ

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

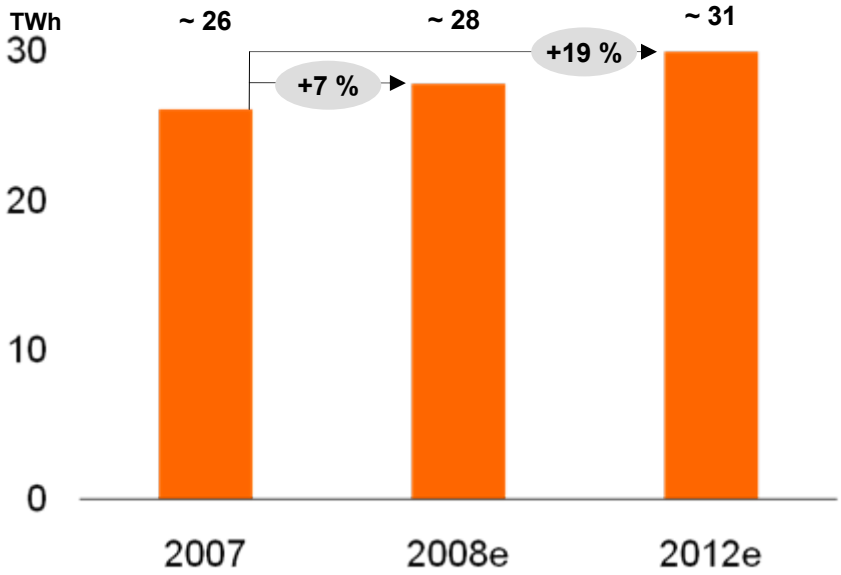
THIS CREATES AN OPPORTUNITY TO CHANGE THE COMPOSITION OF GENERATION PORTFOLIO

	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	▪ Public support in Czech Republic is high	▪ Flexibility, relatively low investment cost ▪ Price setting technology in Europe	▪ Public support
Risks/ constraints	▪ Lignite availability ▪ CO_2 regulation/price	▪ Political opposition ▪ High up-front investment	▪ High/volatile gas price	▪ Subsidy scheme not stable
	▪ **Availability of fuel limits the use of this technology in the future**	▪ **Considered the best solution for the future**	▪ **Hedge against tough CO_2 regulation post 2012**	▪ **Complementary role (e.g., combined combustion of coal and biomass)**

Source: CEZ

IN 2008 CEZ, A. S. EXPECTS TO INCREASE GENERATION FROM NUCLEAR POWER PLANTS BY 7% AND THUS TO LOWER EXPOSURE OF PORTFOLIO TO CO_2 ALLOWANCES

CEZ, a. s. generation from nuclear power plants (gross)



Further increase in availability will be brought by projects

- 15 TERA ETE
- 16 TERA EDU

with deadline for implementation in 2012

Possible participation in further projects:

- **Romania** (Cernavodă) – participation in tender for strategic partnership for construction and financing of units 3 and 4
- **Bulgaria** (Belene) – bid submitted in a tender for strategic partnership for construction of nuclear power plant

source: CEZ

CEZ GROUP DECIDED TO BUILD NEW GAS FIRED POWER PLANTS IN THE WHOLE REGION WHERE IT IS PRESENT

- **Czech Republic**, 880 MW in Northern Bohemia, preferred locations Počerady, Úžín
- **Slovakia**, 800 + 160 MW (joint venture with MOL)
- **Hungary**, 800 MW (joint venture with MOL)
- **Romania**, tender for gas fired power plants Galati and Borzesti
- **Bulgaria**, 880 MW in Varna location

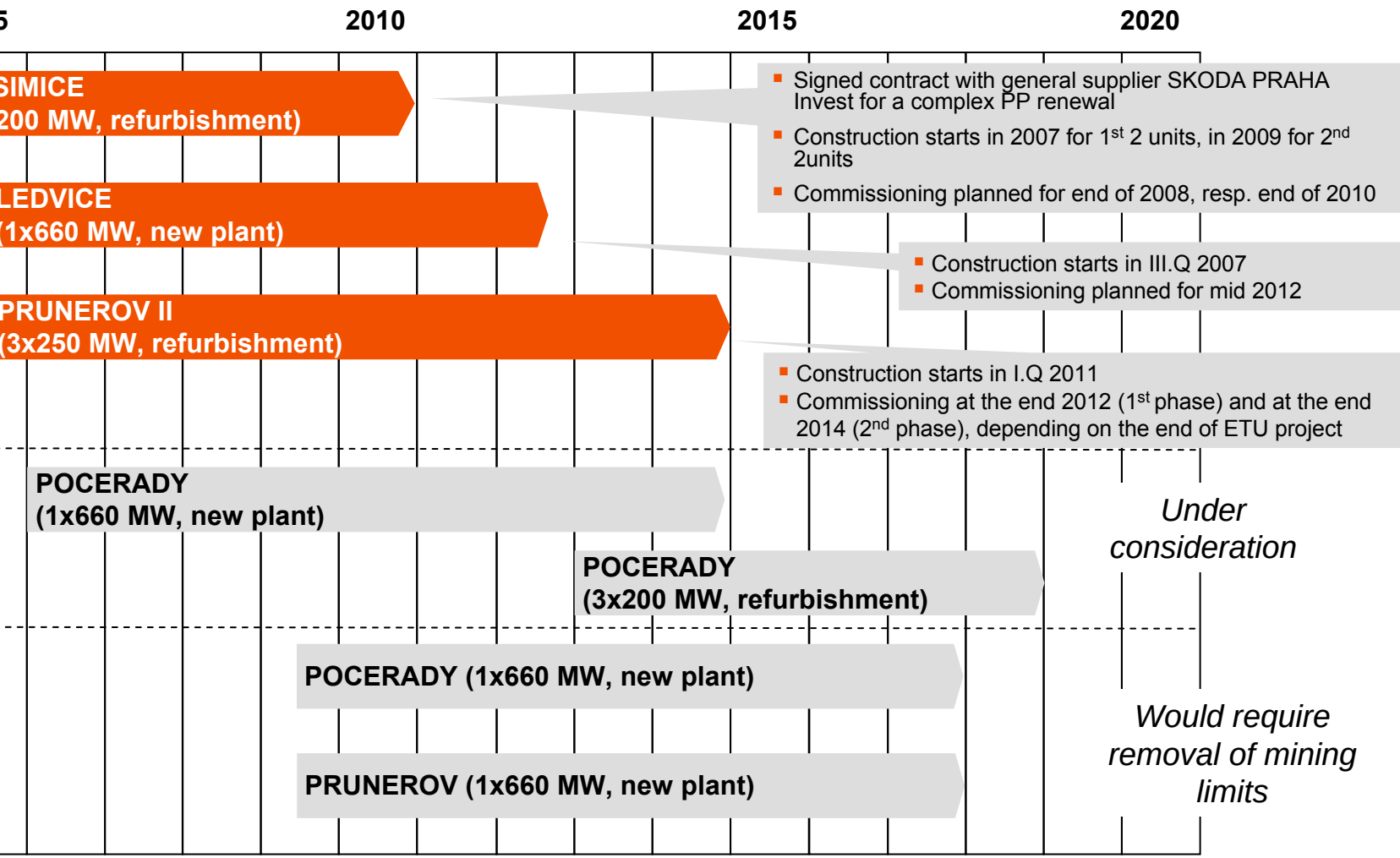
Note: Other projects are under consideration.

source: CEZ

CEZ TARGETS 1,000 MW OF WIND CAPACITY BY 2020, OF WHICH 500 MW IN CR

- **Wind farm near Dukovany nuclear power plant**
  - 20-24 MW (10-12 turbines) located in land register of Rešice and Horní Dubňany, expected construction in 2011
- **Wind farm Tavíkovice - Čermákovice (surroundings of Dukovany nuclear power plant)**
  - 32-48 MW (16 turbines with capacity 2-3 MW), expected construction in 2011
- **Wind farm Stříbro**
  - 26-39 MW (13 turbines with capacity 2-3 MW), expected construction in 2012
- **Wind farm Dlouhé Pole**
  - Up to 66 MW (33 turbines)
  - We are negotiating with Ministry of Defense due to military radars and we are measuring the strength of wind
- **Other projects**
  - Several projects larger than 10 MW (5 and more turbines in one location)
  - More than 10 projects up to 4 MW (1-2 turbines in one location)
  - Possible acquisition of existing wind farm projects
- **Targets**
  - To reach 100 MW in wind power plants in 2012, which represents annual electricity generation of 200-250 GWh
  - In the Czech Republic to reach installed capacity in wind of 500 MW by 2020

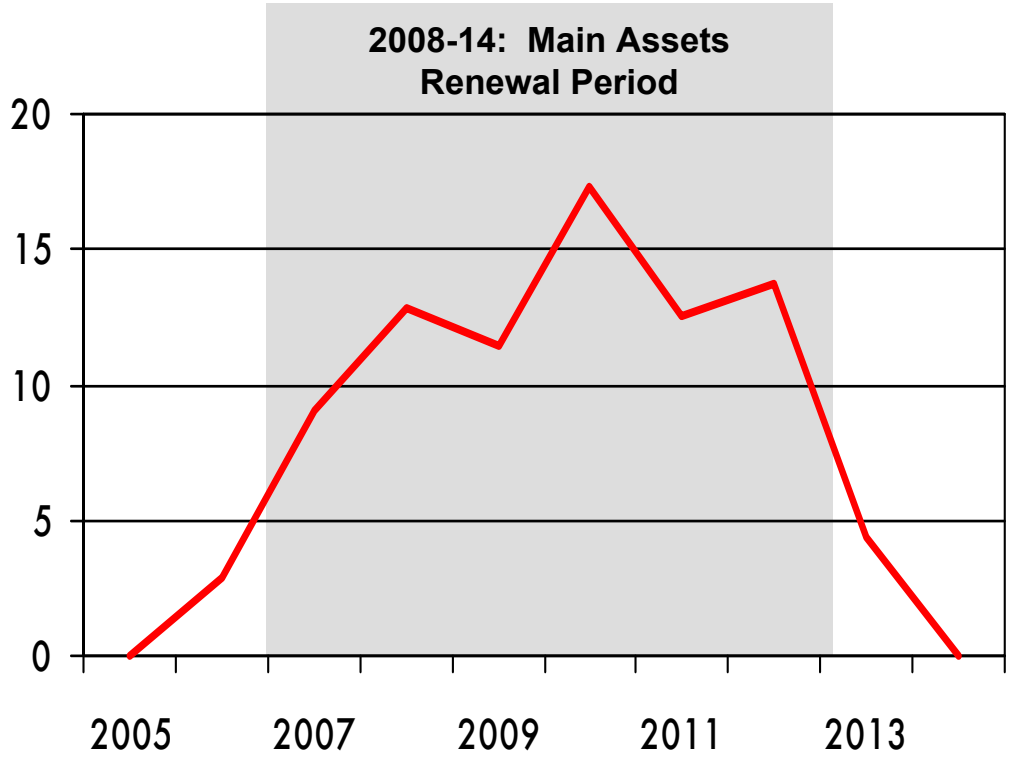
CEZ DECIDED TO INVEST ONLY INTO CAREFULLY SELECTED LIGNITE PROJECTS



Source: CEZ

CAPEX FOR LIGNITE PLANTS RENEWAL WILL REACH CZK 100 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

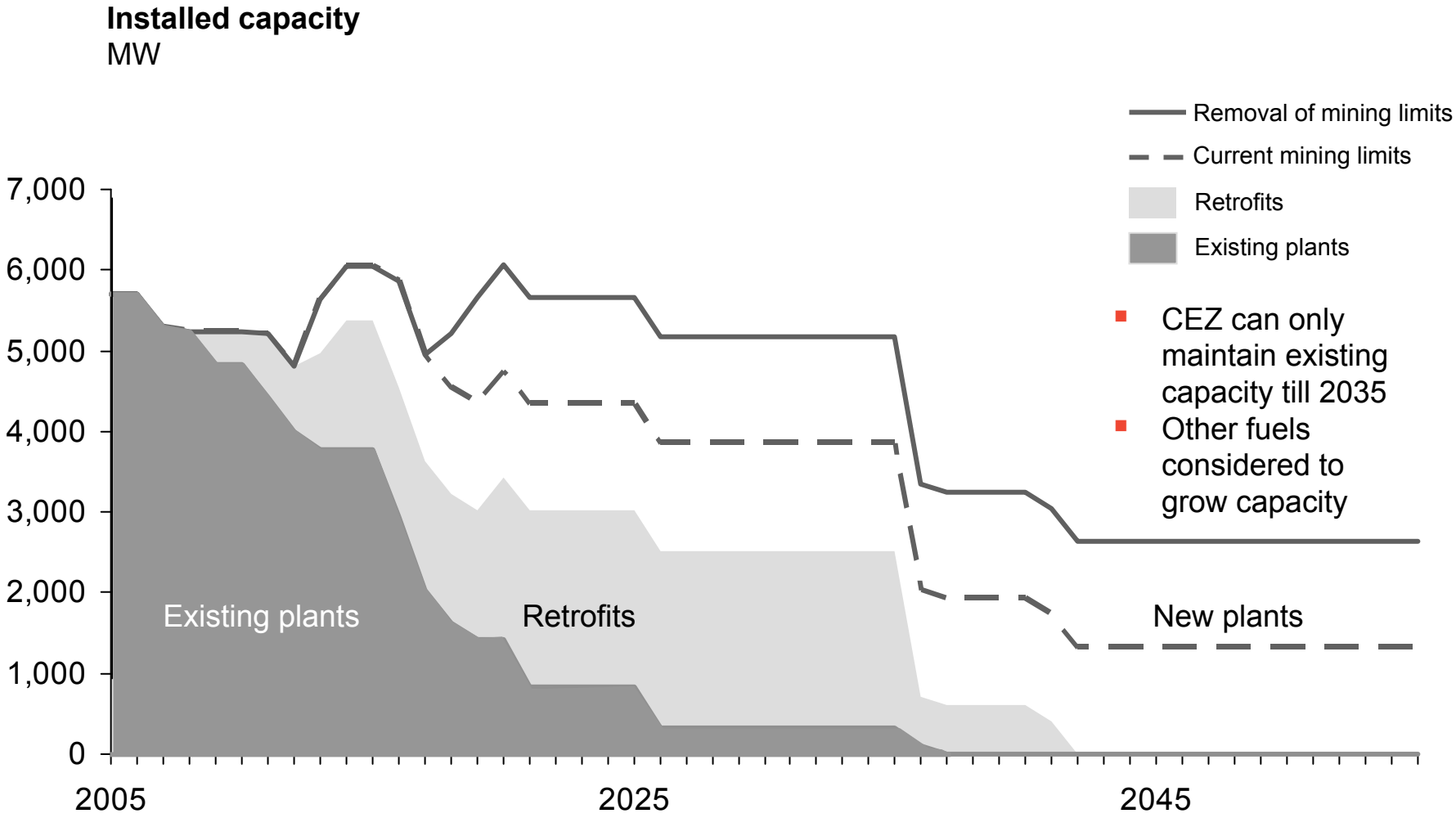
- Gross efficiency improvement from 36% to 41%
- Less CO_2 production
  - Tušimice II 4 x 200 MW
  - Prunéřov II 3 x 250* MW

New units

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

Source: CEZ

EXPECTED DEVELOPMENT OF ČEZ'S BROWN COAL INSTALLED CAPACITIES



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

Realized acquisitions

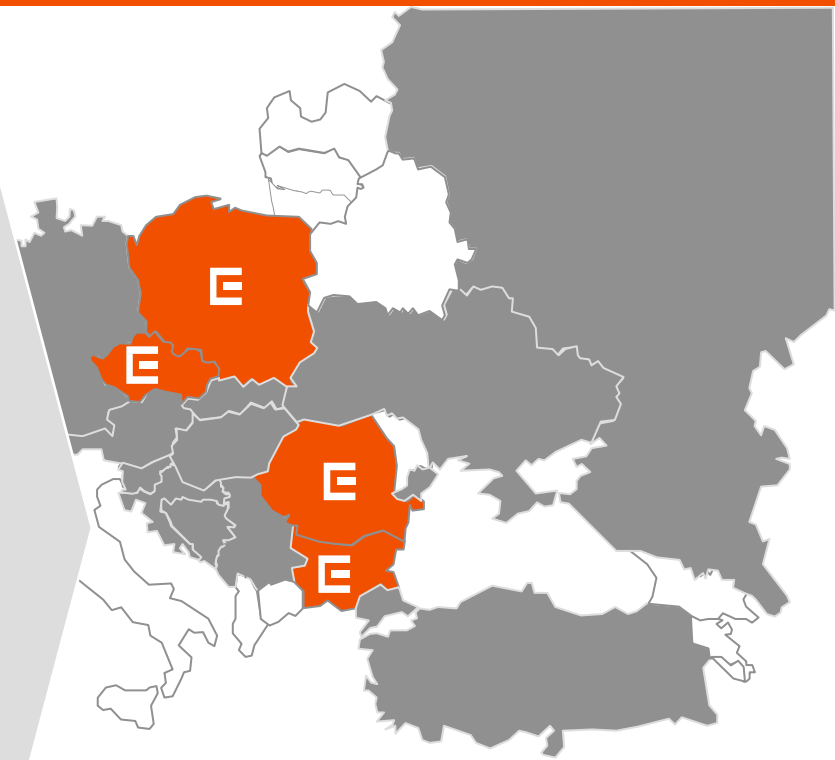
- Bulgaria (distribution) – 1.9 million cust.
- Romania (distribution) – 1.4 million cust.
- Poland (generation) – 830 MW
- Bulgaria (generation) – 1,260 MW

Tender participations

- **Bulgaria** - tender for strategic partnership with NEK of up to 49% stake in Belene (2000 MW)
- **Romania, Cernavoda** - tender for strategic partnership to construction nuclear power plant
- **Romania, Borzeşti, Galati** – tenders for new units, modernization of current 535 MW plant
- **Russia** – considering bid for TGK-4

Structured deals under negotiations

- **Rep. Srpska, B&H** ~ Gacko project (300MW existing, 660 MW new)
- **Hungary, Slovakia** – Strategic alliance with MOL signed
- **Russia**, Moscow ~ 660MW CCGT green field project
- **Turkey** - Negotiations on cooperation with Akenerji
- **Slovakia** – MOU signed with U.S. Steel with intention to build up to 400MW plant



Source: CEZ

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

Bulgaria

- → **TPP Varna** settled at the beginning of October 2006
- → short-listed for strategic partner in **Belene project** (2000MW)

Poland

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

Romania

- → **Electrica Muntenia Sud** (1.1 million of customers) – awarded to Enel at a price above EUR 1,000 per customer
- → Tender for strategic partner for **Cernavoda** nuclear power plant
- → in tender for strategic partner in **Borzesti** (greenfield) and **Galati** (535MW) power plants projects
- → waiting for start of privatization of generation complexes **Turceni** (2,310MW), **Rovinari** (1,320MW) and **Craiova** (610MW) and **remaining distribution companies** (3.3m cust.)

Bosnia and Hercegovina

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

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

Ukraine

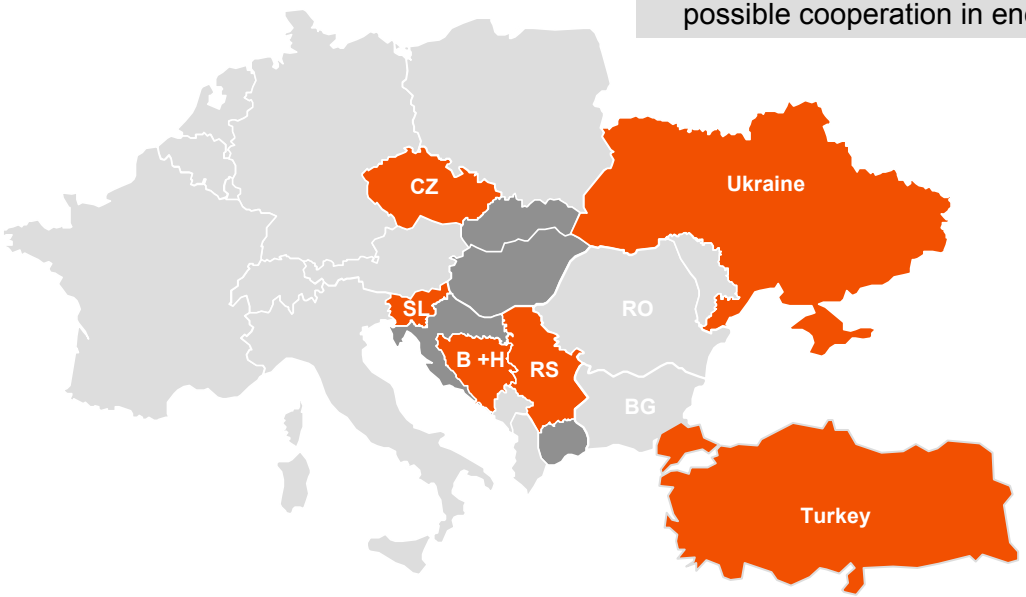
- monitoring the market and analyzing other opportunities and synergies

Rep. Srpska (in Bosnia and Hercegovina)

- JV with EPRS for Gacko project set up
  - Implementation agreement signed in 05/2007, expect to start working on the **Gacko** project already this year

Turkey

- MOU signed with Akenerji about possible cooperation in energy sector



Serbia

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

Kosovo

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

Russia

- Construction of new CCGT power plant in Moscow region (600MW), investment agreement should be signed till the end of 2007
- Signed a cooperation agreement with Russian companies RAO JES and TGK-4 about assessing a possibility of setting up a JV to construct new energy sources (420MW gas + 500MW lignite)
- Evaluating participation in tender for TGK-4

Source: CEZ, Bloomberg, Press clippings

STRATEGIC ALLIANCE WITH MOL:
PRINCIPLES OF CEZ – MOL JOINT VENTURE

- JV 50:50 in equity interest, voting rights and other benefits
- Operations targeted for 4 countries of CSEE – Hungary, Slovakia, Croatia and Slovenia
- The initial projects in Hungary and Slovakia - 800 MW CCGT in Dufi (Százhalombatta) and 800 MW CCGT + 160 MW TPP expansion in Bratislava
- MOL contributes current heat plants and related infrastructure into JV
- JV investment of appr. 1.4 billion EUR (for initial projects)
- Gas supply contract from MOL, off-take contract for refineries – steam, electricity
- Dual fuel capability (gas, liquid residuals)

Source: CEZ - MOL

STRATEGIC ALLIANCE WITH MOL:
RELATED FINANCIAL TRANSACTION

- Purchase 7% of the common stock of MOL by CEZ for strengthening of the strategic alliance

- CEZ sells to MOL an American call option with strike price 20,000 HUF:

  - Option can be exercised within 3 years from the date of signing
  - Call price covers spread between strike and purchase price and guarantees CEZ capital cost coverage until the option expires or is exercised

- Purchase of stake in MOL, net of the option premium received upfront will result in cash outlay of ca EUR 560 ml. in Q1 2008

Source: CEZ - MOL

STRATEGIC ALLIANCE WITH MOL:
EXPECTED TIMETABLE

ESTABLISHMENT OF CEZ – MOL JV

▪ Signing of JV and share deal agreements	Today
▪ Purchase of MOL shares	Jan 2008
▪ Setting up JV companies and management team	Jan – Apr 2008
▪ Asset contribution by MOL to JV	Jan 2008 – Mar 2009
▪ JV fully operational with current assets	Mar 2009

DEVELOPMENT OF FIRST PROJECTS

▪ CCGT Feasibility studies	Jan – Aug 2008
▪ CCGT construction permit	2008 – 2010
▪ CCGT supplier selection and contract signing	Apr 2008 – Feb 2010
▪ CCGT commissioning	2013 – 2014

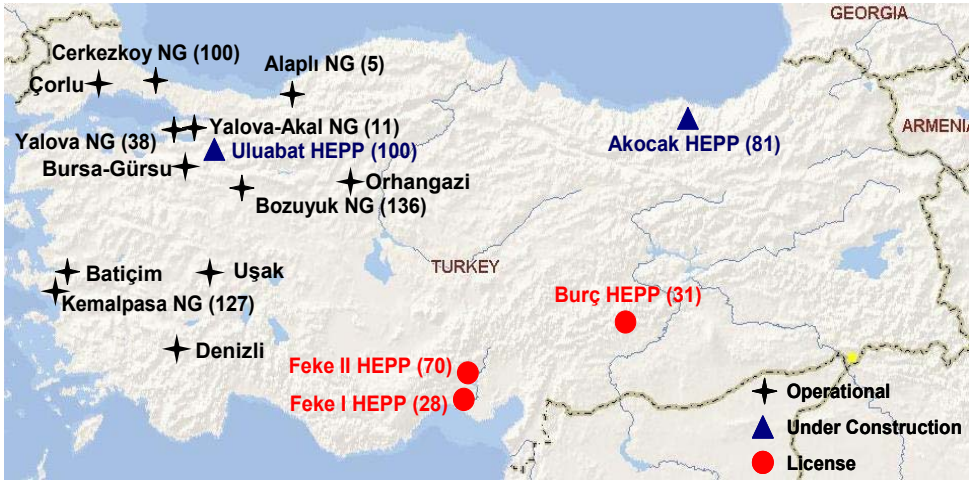
Source: CEZ - MOL

TURKEY IS AN ATTRACTIVE MARKET

- Turkey is with its 80m inhabitants comparable in size with the whole Central Europe
- In 2006 electricity demand reached 170 TWh (almost three times as much as in the Czech Republic)
- Dynamically growing economy, fast urbanization, currently very low per capita consumption of electricity (a quarter of EU average)
- Annual growth of electricity demand reaches 8 – 9 % while in European countries the growth is around 2 – 3 %
- By 2020 it will be necessary to build power plants with the installed capacity of 50,000 MW to match growing demand
- Demand is also driven by quickly growing population in Turkey

Source: Eurostat

BASIC INFORMATION ABOUT AKENERJİ ELEKTRIK ÜRETIM



USD m	2005	2006	1H2007
Sales	300	304	156
EBITDA	-14	1	11
EBIT	-55	-40	-10
Net income	-59	-42	-1
Electricity sales (TWh)	3.2	3.2	1.4

- Produces 2% of Turkey's electricity generation. It is the largest company among private generation companies with 10% market share.
- Operates 12 natural gas-fired power plants with 541 MW installed capacity located in the industrialized western part of Turkey
- Develops projects to build hydro and wind power plants, which should increase production base to 961 MW: 179 MW in hydro under construction, investments for 223.7 MW in hydro are under way, license for 16 MW in wind

Source: http://www.akenerji.com.tr/

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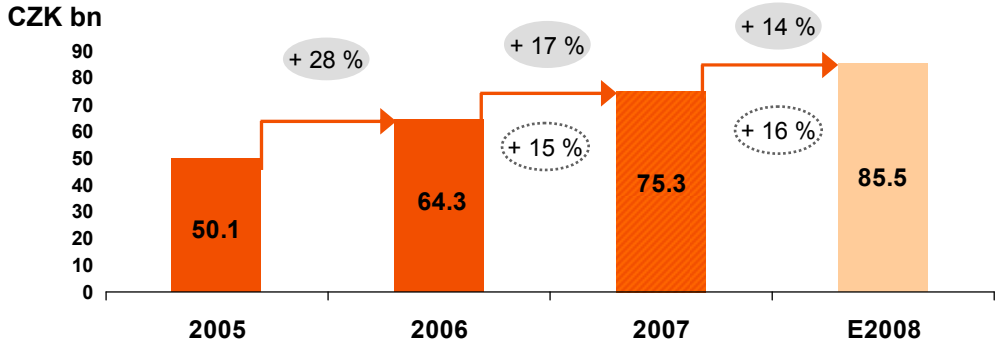
MAIN 2007 RESULTS AND GUIDANCE FOR 2008

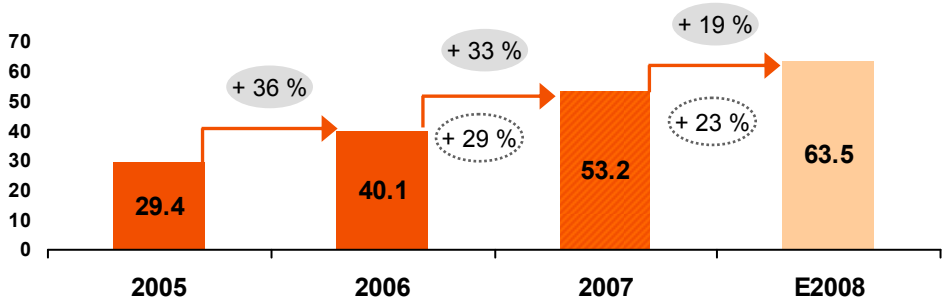
- **EBITDA** increased by 17 % to CZK 75.3 bn, an increase by CZK 11.0 bn
- **EBIT** increased by 33 % to CZK 53.2 bn, an increase by CZK 13.1 bn
- **Net Income** increased by 49 % to CZK 42.8 bn (by CZK 14.0 bn)
- **ROE** increased from 14.9 % to 22.7 %
- **CEZ share price** at BCPP and GPW reached CZK 12,46 on February 21st, 2008
- **CEZ expects 2008 EBITDA** to reach CZK 85.5 bn (up by 14 %)
- **CEZ expects 2008 Net income** to reach CZK 46.6 bn (up by 9 %)

IN 2007 EBITDA REACHED CZK 75.3 BN, EBIT WAS CZK 53.2 BN AND NET INCOME CZK 42.8 BN

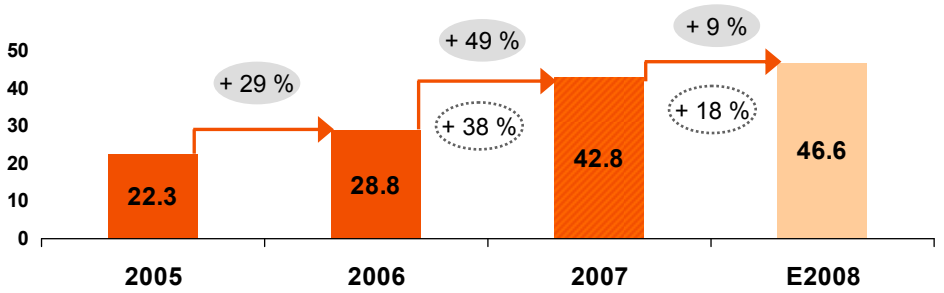
EBITDA



EBIT



NET INCOME



Excluding extraordinary items

Key drivers:

- Continuing increase of generation volume of CEZ, a. s.
- Optimisation of repairs and maintenance, reduction of other operating costs
- Increase in wholesale electricity prices
- Contribution of acquisitions for the whole year
- In 2007 extraordinary influences: change in valuation and rectification of volume of non-invoiced electricity, change of income tax rate influencing deferred tax

GROSS MARGIN FROM GENERATION, TRADING, SALES AND DISTRIBUTION OF ELECTRICITY INCREASED BY 15 % TO CZK 112.4 BN

(CZK m)	2006	2007	Change 07-06	Index 07/06	2007 comparable entity *	Index 07/06 comparable entity
Operating revenues	**149,134**	**174,563**	**25,429**	**117%**	**170,186**	**114%**
Sales of electricity	138,157	160,046	21,889	116%	156,029	113%
Heat sales and other revenues	11,285	11,827	542	105%	11,467	102%
Electricity derivatives, net	-308	2,689	2,998	x	2,689	x
Variable operating costs	**-51,561**	**-62,153**	**-10,592**	**121%**	**-59,406**	**115%**
Fuel	-11,637	-16,883	-5,246	145%	-14,088	121%
Purchased power and related services	-43,001	-46,328	-3,328	108%	-46,273	108%
Emission rights, net	3,077	1,058	-2,019	34%	955	31%
Gross margin (simplified)	**97,573**	**112,409**	**14,837**	**115%**	**110,779**	**114%**

Main changes

- Increase of generation by 8.3 TWh (12.6 %), of which 4.8 TWh is attributable to new acquisitions. Generation in coal power plants grew by 8.9 TWh (24.1 %), in nuclear plants by 0.1 TWh (0.5 %)
- Increase in wholesale electricity prices
- Increase in amount of electricity distributed by 0.4 TWh (+0.3 TWh in SEE segment, +0.1 TWh CE segment); increase of electricity sold by 6.6 TWh (9.0 %), of which +9.5 TWh sales on wholesale market and -2.9 TWh sales for final consumption
- Emission rights in 2007 constituted largely from gains from trades with JI/CDM certificates. In 2006 we successfully timed the sale of NAP II allowances.

*) Comparable entity excludes results of Varna (BG) for the period of Jan 07 – Sep 07 and excludes results of ELCHO (PL), Skawina (PL) for Jan 07 - May 07

CEZ GROUP MANAGES TO KEEP ITS OPERATING COSTS UNDER CONTROL

(CZK m)	2006	2007	Change 07-06	Index 07/06		2007 comparable entity *	Index 07/06 comparable entity	
Sum of selected operating costs	**-33,228**	**-37,083**	**-3,855**	**112%**		**-36,111**	**109%**	
Salaries and wages	-15,084	-16,900	-1,816	112%		-16,612	110%	
Repairs and maintenance	-5,487	-4,880	606	89%		-4,823	88%	
Materials and supplies	-4,981	-6,066	-1,085	122%	121%	-5,966	120%	116%
Others	-7,677	-9,237	-1,561	120%		-8,711	113%	
EBITDA	**64,344**	**75,326**	**10,982**	**117%**		**74,668**	**116%**	
Depreciation	-24,280	-22,123	2,157	91%		-21,598	89%	

- Y-o-y increase in operating costs of a comparable entity was 9 % (excluding depreciation, CO2 allowances, purchases of fuel and power)
- Increase in salaries and wages was influenced in addition to general wage hike particularly in CEZ, a.s. also by conservative approach to creation of provisions for future employee benefits (CZK -610 m) due to cancellation of social fund (IFRS) and to creation of provisions for annual bonuses (CZK -395 m)
- Large increase in materials and supplies costs and slower growth in other costs is caused by change in accounting policy for project costs of SKODA PRAHA – transfer from Others to Materials and Supplies (CZK 860 m)
- Increase in other costs is caused by extraordinary items in 2006 and in 2007, particularly release of provisions for lawsuits in 2006 amounting to CZK 367 m, change in nuclear provisions between 2007 and 2006 amounting to CZK 484 m, supplementary charge of tax on transfer of real estate amounting to CZK 230 m (ČEPS)
- Decrease in depreciation is caused by extraordinary write-offs in 2006 in companies ČEZ Správa majetku and ČEZ Data.

*) Comparable entity excludes results of Varna (BG) for the period of Jan 07 – Sep 07 and excludes results of ELCHO (PL), Skawina (PL) for Jan 07 - May 07

OTHER EXPENSES AND INCOME DECREASED BY CZK 0.3 M Y-O-Y

(CZK m)	2006	2007	Change 07-06	Index 07/06	2007 comparable entity*	Index 07/06 comparable entity
Other expenses / income	**-2,356**	**-2,052**	**304**	**87%**	**-1,850**	**79%**
Interest on debt, net of capitalized interest	-2,236	-1,954	282	87%	-1,653	74%
Interest on nuclear and other provisions	-1,891	-1,937	-46	102%	-1,937	102%
Interest income	921	1,163	241	126%	1,070	116%
FX gains/losses and derivatives	517	-570	-1,087	x	-571	x
CO_2 allowances derivatives	361	7	-353	2%	7	2%
Gain/loss on sale of subsidiaries/associates	-228	129	357	x	129	x
Income from associates	74	40	-34	54%	40	54%
Others	125	1,070	945	> 500%	1,064	> 500%
Income before income taxes	**37,708**	**51,150**	**13,443**	**136%**	**51,219**	**136%**
Income taxes	-8,952	-8,387	565	94%	-8,322	93%
Net income	**28,756**	**42,764**	**14,008**	**149%**	**42,548**	**148%**

- Decrease in interest expense compared to 2006 (despite higher indebtedness at the end of 2007) was caused by better cash management in CEZ Group and thanks to early repayment of loans with high interest
- Change in FX losses compared to 2006 is a result of application of hedging accounting on foreign currency bonds
- Lower gain from change in fair values of CO_2 allowances by CZK -353 m reflects primarily very successful sale and settlement of CO_2 allowances in 2006
- Increase in other financial income is caused by disposal of subsidiaries involved in non-core activities
- Income tax decreased by CZK 565 m in 2007, of which deferred tax decreased by CZK 3,271 m as a result of lower income tax rate applicable for future years. On the other hand payable income tax increased by CZK -2,706 m due to higher pre-tax profit in 2007

*) Comparable entity excludes results of Varna (BG) for the period of Jan 07 – Sep 07 and excludes results of ELCHO (PL), Skawina (PL) for Jan 07 - May 07

DEVELOPMENT IN Q4 2007

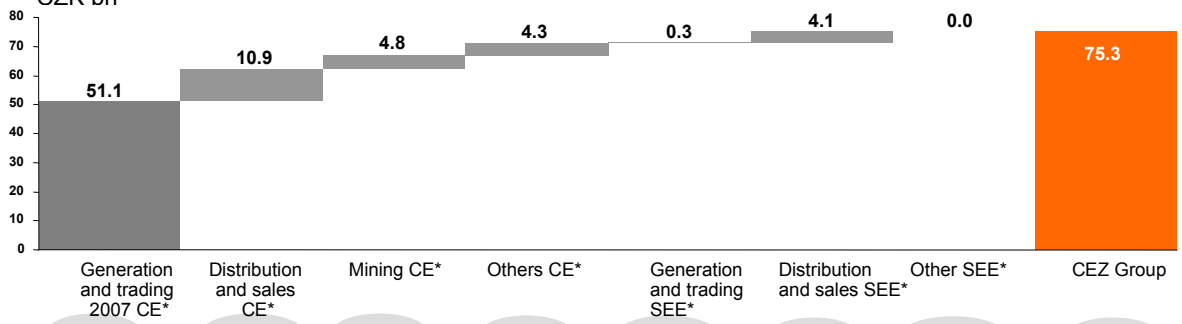
(CZK m)	Q4 2006	Q4 2007	Change 07-06	Index 07/06	
Total operating costs	**40,654**	**51,067**	**10,412**	**126%**	
Variable operating costs	**-12,758**	**-17,131**	**-4,373**	**134%**	
Gross margin (simplified)	**27,896**	**33,935**	**6,039**	**122%**	
			0	x	
Sum of selected operating costs	**-11,851**	**-13,746**	**-1,896**	**116%**	
Salaries and wages	-4,995	-5,958	-963	119%	
Repairs and maintenance	-2,273	-1,756	516	77%	
Materials and supplies	-1,468	-1,614	-146	110%	} 132%
Others	-3,116	-4,419	-1,303	142%	
EBITDA	**16,045**	**20,189**	**4,144**	**126%**	
Depreciation	-5,922	-5,925	-3	100%	
EBIT	**10,123**	**14,263**	**4,140**	**141%**	
Other expenses/income	**-850**	**-1,658**	**-808**	**195%**	
Income before income tax	**9,273**	**12,606**	**3,333**	**136%**	
Income taxes	-2,536	473	3,009	x	
Net income	**6,737**	**13,079**	**6,342**	**194%**	

- In Q4 electricity generation increased by 1.8 TWh (by 10 %), particularly due to increased generation in Varna (by 0.5 TWh) and of ČEZ, a. s. (by 1.3 TWh)
- Change in valuation and rectification of volume of non-invoiced electricity by CZK 2,926 m
- Salaries and wages influenced by creation of provisions for employee benefits CEZ, a.s. CZK -610 m (replacement of social fund)
- Increase in other operating costs is caused by extraordinary influences in Q4 2006 and 2007 (creation of nuclear provision of CZK 484 m, supplementary charge of tax on transfer of real estate of CZK 230 m (ČEPS))
- Change in other expenses/income by CZK -808 m reflects application of hedging accounting (view previous slide)

SEGMENTAL CONTRIBUTIONS TO EBITDA

Contribution to EBITDA for 2007

CZK bn



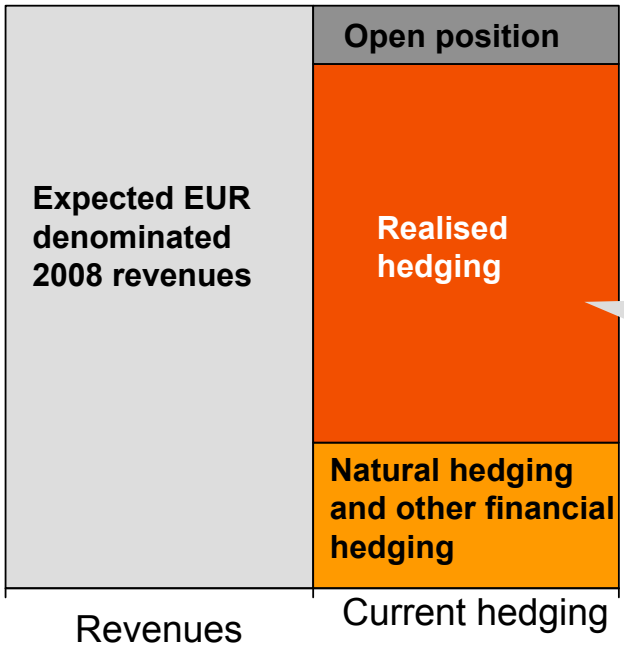
	Generation and trading 2007 CE*	Distribution and sales CE*	Mining CE*	Others CE*	Generation and trading SEE*	Distribution and sales SEE*	Other SEE*	CEZ Group
Index 2007 / 2006	117 %	133 %	109 %	109 %	396 %	99 %	N/A	117 %
Index Q4 07 / Q4 06	106 %	260 %	51 %	N/A	N/A	191 %	N/A	126 %

- **Generation and trading CE*:** An increase of 17 % y-o-y is caused by an increase in wholesale prices and successful optimisation of electricity generation and also due to acquisition of power plants in Poland in May 2006. Generation reached 70.1 TWh (of which 4.1 TWh represents the production of Polish plants). This represents an increase of 5.2 TWh (up by 8.0 %) compared to the year 2006. Gross margin in Q4 continues the trend from previous quarters, lower pace of growth is caused by extraordinary items (change in nuclear provisions) and time difference recognition of costs.
- **Distribution and sales CE*:** An increase of 33 % y-o-y is caused by rectification of volume and change in valuation of non-invoiced electricity. Increased generation from renewables, which distribution companies are obliged to buy at higher prices (so called “green bonus”) had a negative impact of CZK 341 m. In Q4 EBITDA increased by CZK 3.3 bn, where change of estimate of non-invoiced electricity contributed CZK 2.9 bn. Electricity distributed to final customers increased by 0.4 TWh.
- **Mining CE*:** Increase of EBITDA of Severočeské doly, a. s. by CZK 0.4 bn was achieved by 9 % higher deliveries of coal within CEZ Group. Decline in EBITDA in Q4 is influenced by difference in timing of costs between 2006 and 2007 (creation and release of provisions for mining damages, maintenance and repairs costs).
- **Generation and trading SEE**:** An increase of 396 % y-oy is caused by the fact that Varna power plant was consolidated only since Q4 2006, when it was acquired.
- **Distribution and sales SEE**:** EBITDA in 2007 in Bulgaria and in Romania represents 99% of its 2006 level
  - Romania: a positive trend visible in Q3 was confirmed in Q4 (gross margin increased thanks to higher distribution tariffs and thanks to lower purchase price of electricity dedicated to sales to final customers).
  - Bulgaria: In Q4 gross margin increased y-o-y thanks to higher volume of both sold and distributed electricity.

* CE = segment Central Europe (Czech Republic, Slovakia, Poland, Hungary, Netherlands, Germany)
** CEE = segment South-eastern Europe (Bulgaria, Romania, Kosovo, Serbia, Russia, Bosnia & Herzegovina, Ukraine)

GUIDANCE FOR 2008 NET INCOME REMAINS UNCHANGED AT CZK 46.6 BN DESPITE SIGNIFICANT STRENGTHENING OF CZECH KORUNA

CEZ Group revenues in 2008, denominated in EUR in the Czech Republic



5-15 %
depending on development of spot prices

65 %
(all transaction closed by October 2007)

25 %

- Hedging realised through transactions on financial markets and through EUR denominated liabilities of CEZ (both with direct impact to EBITDA in line with IFRS)
- Natural hedging reflects costs and cash outlays in EUR
- Total FX exposure of CEZ is further hedged by standard financial transactions with impact below EBITDA line

- CEZ is indirectly exposed to FX risks in connection to sales of electricity to final customers denominated in CZK (through ČEZ Prodej (CEZ Sales)) because CZK price of theses sales is derived from EUR prices on PXE. FX exposure ends in the moment of signature of contracts with final customers. (ČEZ Prodej contracted more than 85% of 2008 volume by September 2007 and 99% by November 2007).
- CEZ applies strategy of long term management of FX exposure through financial and natural hedging (for example by selling electricity to final customers in multi-year contracts).

AGENDA

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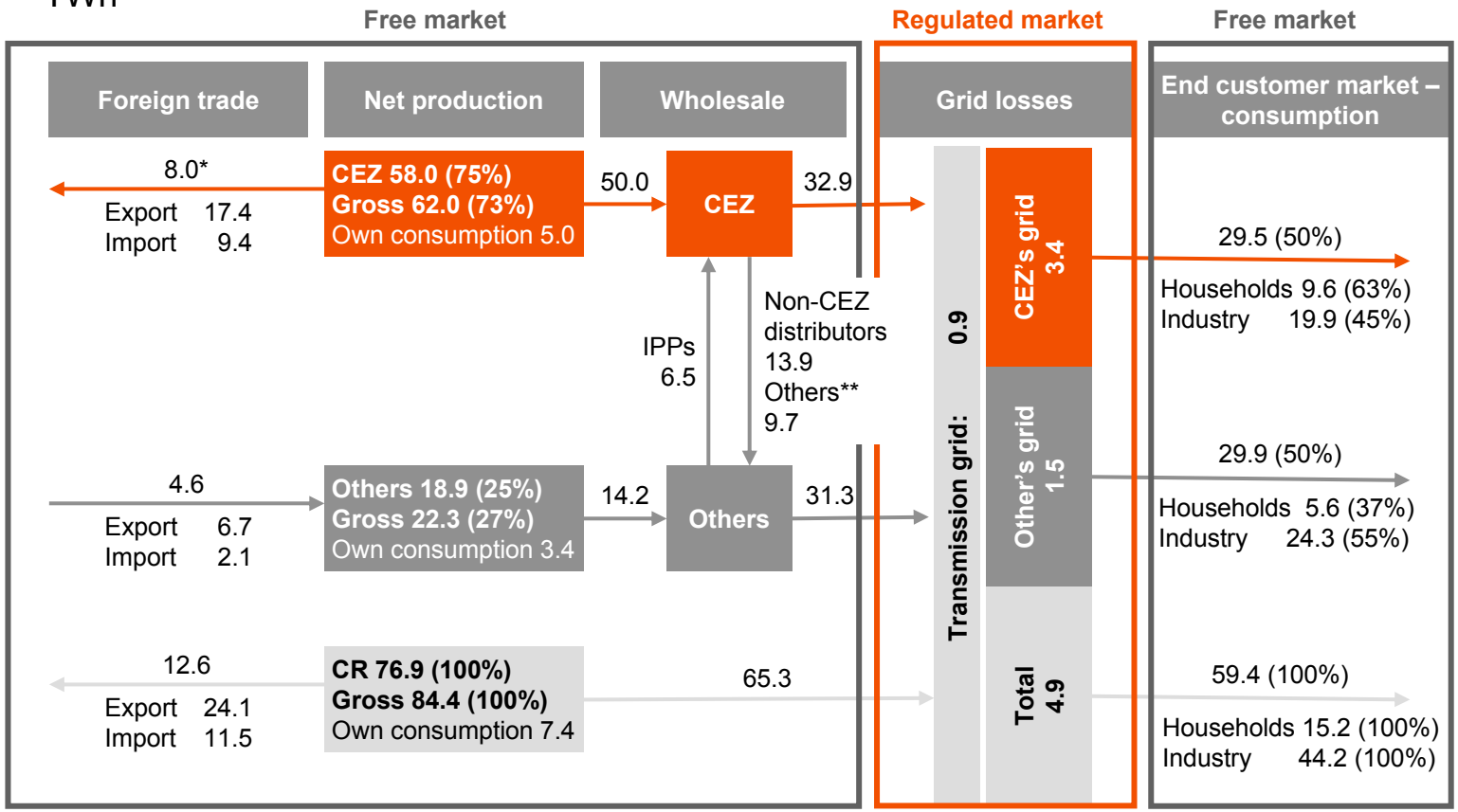
CEZ IS A KEY PLAYER IN ALL SEGMENTS OF THE LIBERALIZED CZECH ELECTRICITY MARKET

Czech electricity market in 2006

TWh



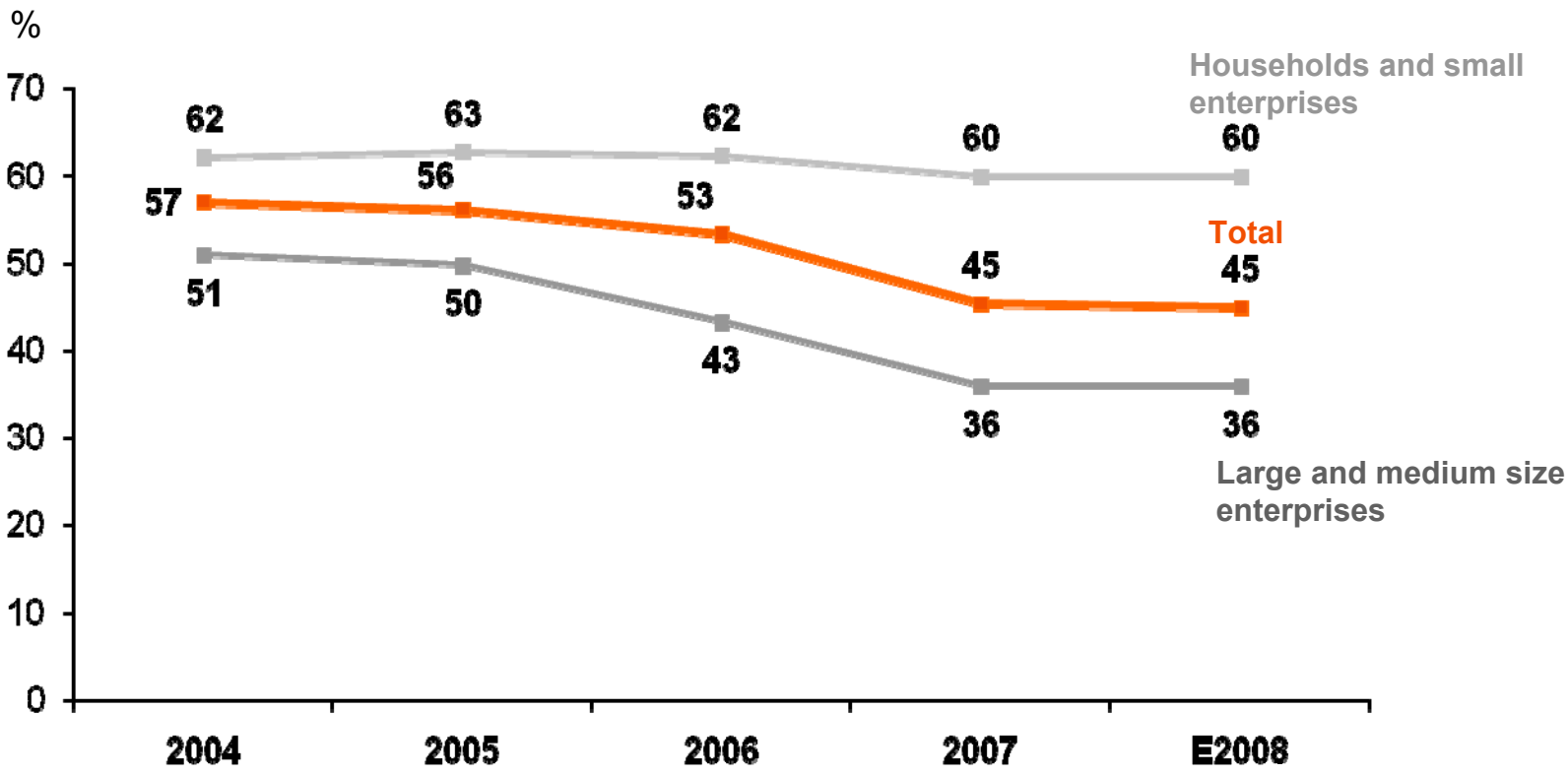
* Includes sales to domestic traders for export, excludes trading on the foreign liquid markets which do not impact volume

** 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

Source: CEZ, ERU (Energy Regulatory Office)

CEZ STABILISED ITS FINAL CUSTOMERS' MARKET SHARE AT THE LEVEL OF 45 %

Share of ČEZ Prodej, a. s., on market for final customers



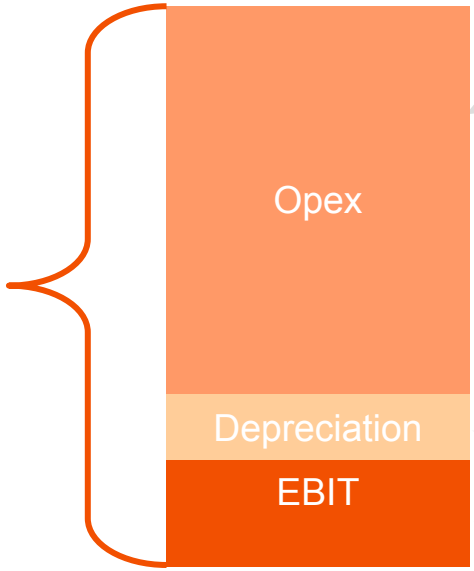
- Loss of market share did not have a negative impact on margins as these are very low in the most competitive market segment

source: CEZ Prodej

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

Revenue Cap

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



- Indexed to a mixture of PPI (65% weight) and wage growth index (35%)
- Adjusted for efficiency factor x (2,085%)
- Includes all tax deductible OPEX in relation to distribution plus compensation of costs related to unbundling and outsourcing
- Backwards adjustments to reflect changes in distributed volume, in purchased power from renewables, etc.

- Indexed to PPI

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

$WACC_{nominal,\ pre\text{-}tax}$ - 7.955%

- Set for a full regulatory period
  - Risk free rate – 4.18%
  - $Beta_{unlevered}$ – 0.35
  - Risk premium – 6.32%
  - D/(D+E) – 30.00%

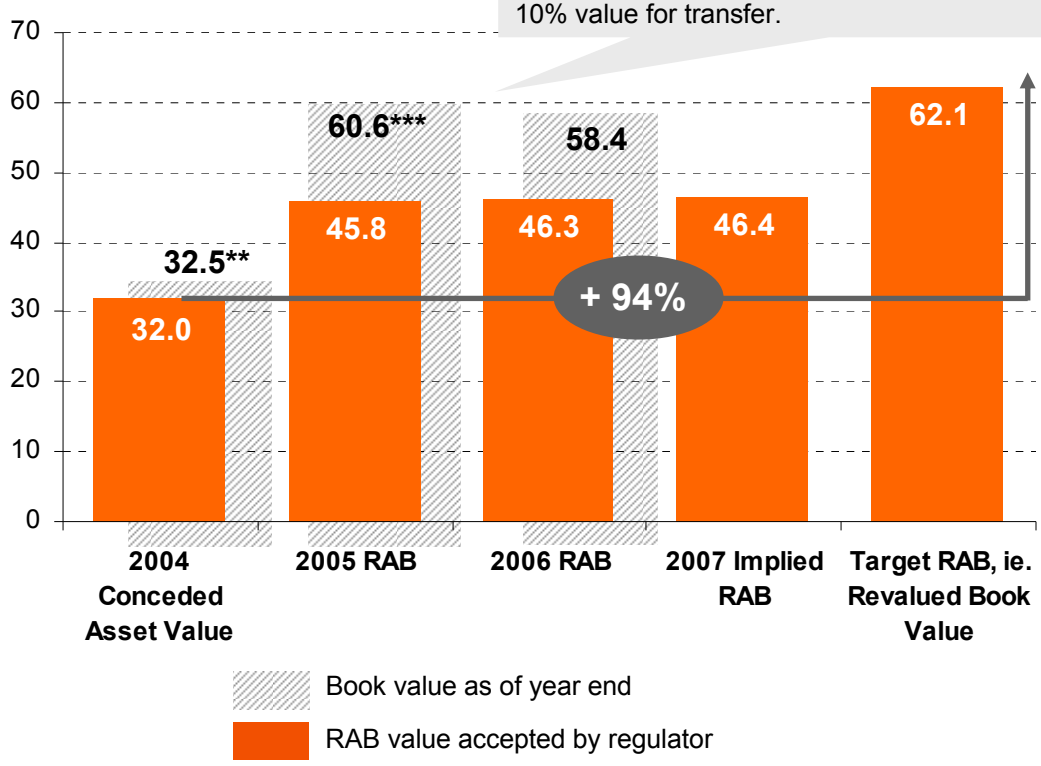
RAB (Regulatory Asset Base)

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

RAB IS BEING REVALUED TO REFLECT MARKET VALUE

RAB* development
CZK bn

2005/2006 drop in asset value caused mainly by lower investment during transition period and one off write off of some old already depreciated assets that were formerly valued with 10% value for transfer.



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

* Adjusted to reflect assets transfer to support companies

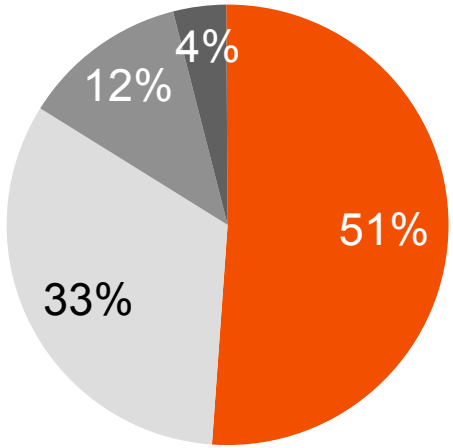
**Historical value of assets contributed into CEZ Distribuce

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

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

Break-down of distribution revenues (2006)

CZK 30,199 bn.



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

REVIEW OF BULGARIAN REGULATORY ENVIRONMENT

Regulatory Framework

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

Regulatory period

- 1st regulatory period 1.10. 2005 – 30.6. 2008
- 2nd regulatory period 1.7. 2008 – 31.6. 2012

Unbundling

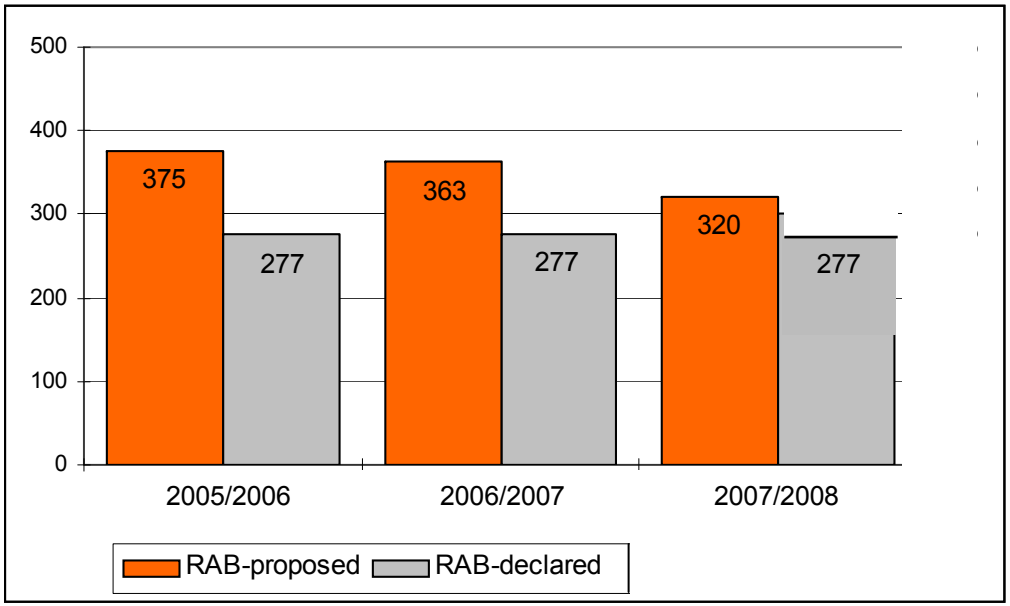
- Deadline – December 31, 2006
- Successfully completed in time

Liberalization

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

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

I. Regulatory period (10/2005 -6/2008)
EUR m (distribution and sales together)



- In 2005/2006 end user prices increased on average by 7.1% compared to 2005/2004
- In 2006/2007 end user prices increased on average by 0.7 % compared to 2006/2005
- In 2007/2008 end user prices increased on average by 14.3% compared to 2006/2007
- Electricity purchase price from NEK and renewables in 2006/2007 rose faster than the end-user price (both regulated, but each on a different basis) , impacting the expected y-o-y results

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

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

REVIEW OF ROMANIAN REGULATORY ENVIRONMENT – ELECTRICITY DISTRIBUTION

Regulatory Framework

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

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

Regulatory periods

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

Unbundling

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

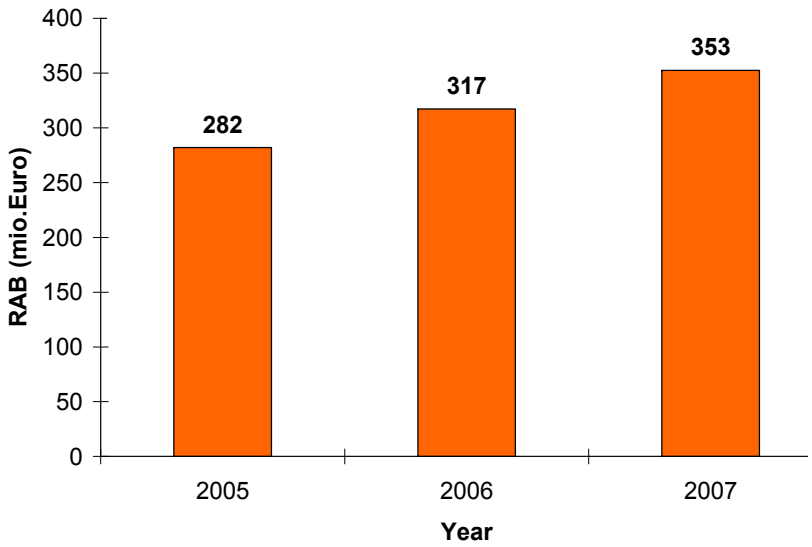
Liberalization

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

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

ROMANIAN REGULATORY FRAMEWORK IS SIMILAR TO CZECH AND EU

I. Regulatory period (2005 - 2007)
EUR m*



- Regulatory framework for distribution is price cap type (tariff basket), based on RAB regulated return (12% pre-tax, real terms WACC for first regulatory period – 2005-2007)
- Regulator targets maximum own technical consumption at 9.5% of total consumption by 2012 (El. Oltenia target was 10.7% in 2006 and 10.5% in 2007)
- Investment plan approved by ANRE in advance before regulatory period
- Electrica Oltenia - the only distribution company having negotiated the maximum distribution tariff growth in 2007

- For **sales to captive customers** (still regulated), the approach is 2.5% margin on top of electricity procurement costs (including wholesale price, transmission, ancillary services, market administration)

* Exchange rate used as of year end

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

Proposals of the Commission

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

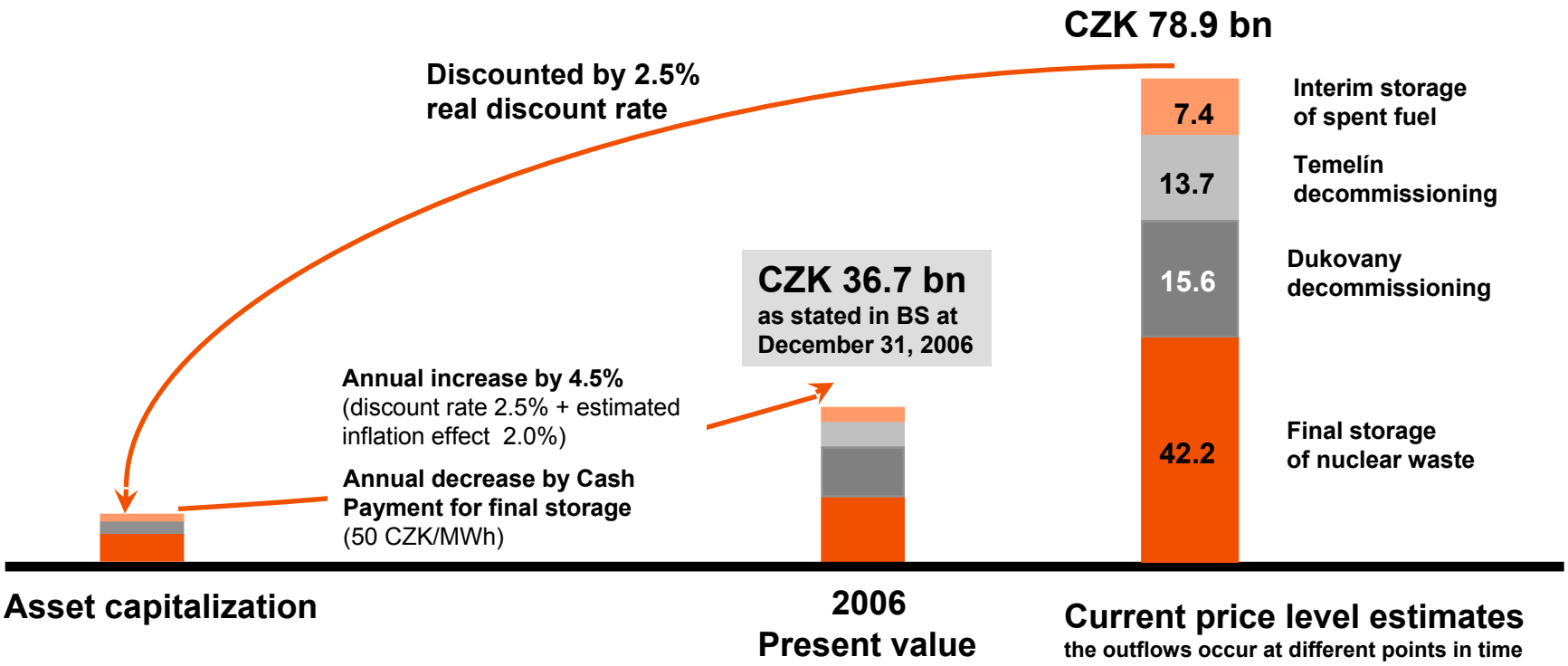
Position of CEZ Group

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

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

Priority interconnection plan	**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**

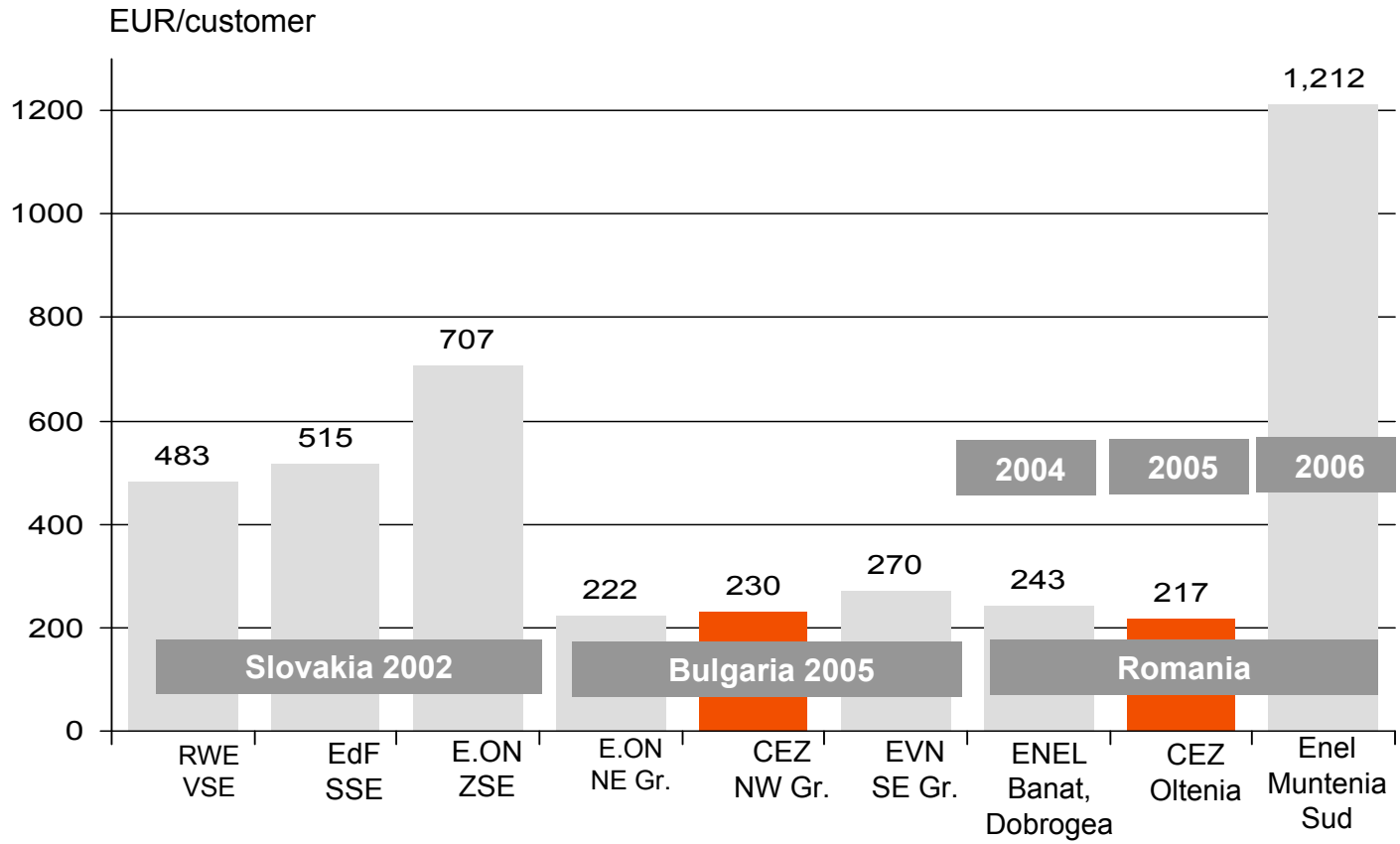
NUCLEAR PROVISIONS IFRS STATEMENTS ARE FULLY IN LINE WITH IAS 37



Source: CEZ, as of 2006

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

Price per customer in privatizations of CEE power distribution companies



Source: Bloomberg, press clippings, respective annual reports

ELCHO IS A BRAND NEW POWER PLANT COMMISSIONED IN 2003

Elektrocieplownia Elcho Sp. z o. o.

Basic figures

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

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

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

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

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	2006
Revenues	99.5	104.9	98.6
EBITDA	9.0	5,2	12.8
EBIT	3.8	0.1	9.7
Net profit	3.0	0.1	7.3
Net debt (debt - cash)	9.3	18.9	38.6
Electricity sales** (TWh)	2.4	2.7	2.6
Installed capacity (MWe)		592	
Installed capacity (MWt)		618	
Fuel		coal	
Stake controlled		75%	

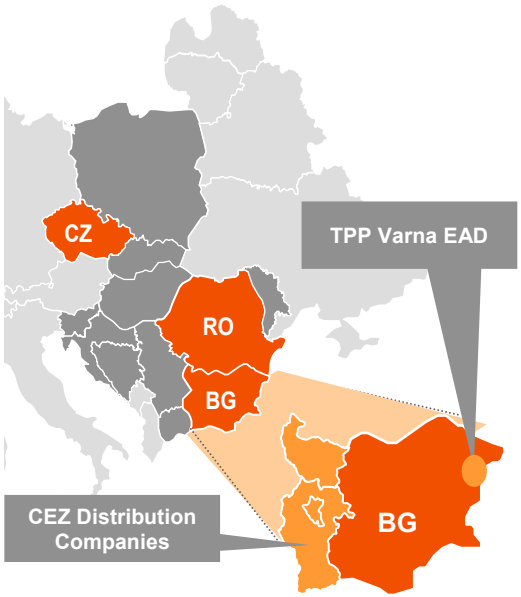
- Electricity generation part commissioned in 1961, heating part in 1986
- Almost half of the plant continuously refurbished since 1993; some further investments needed to meet stricter emission limits in 2008
- Potential to increase existing generation from biomass
- Electricity is sold in open market;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

* *Polish accounting standards, converted at 3.85 PLN/EUR, year 2006 converted at CZK 28.3 / EUR*
** *Excluding balanced trading in open markets*

Source: CEZ, Annual report Skawina

TPP VARNA IS THE LARGEST BULGARIAN THERMAL POWER PLANT

TPP Varna EAD



Basic figures

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

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

Transaction Consideration

- Acquisition of 100% shares	EUR 206.0m
- New equity subscription (16% increase)	EUR 99.8m

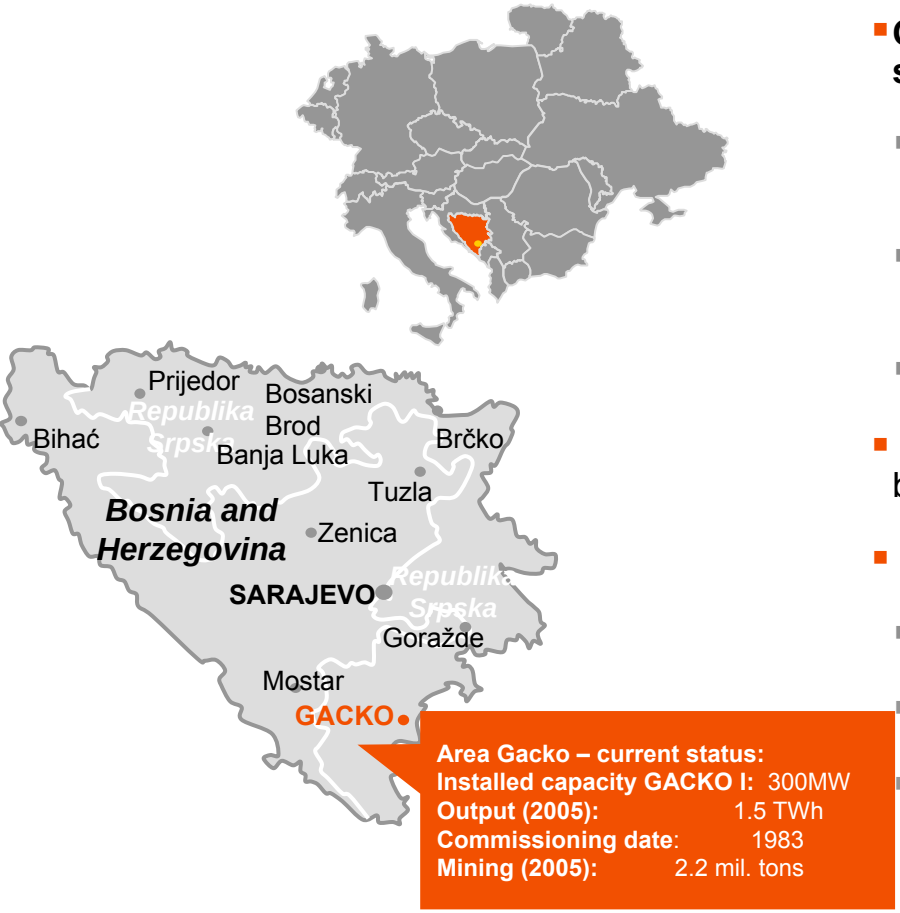
- CEZ also committed to contribute an additional EUR 40m in an investment fund that will implement projects in the energy sector .

- Three units commissioned in late 60´s, other three a decade later (units 1 to 3 commissioned over the period 1968-1969; units 4 to 6 completed in 1977 - 1979)
- Negotiated extension of deadline for meeting stricter EU emission limits till 2016; estimated EUR 130-160 mil CAPEX to meet the requirements (FGD, deNOx, other)
- Historically dispatched at 25% utilization of net available capacity; utilization will increase significantly after 2007 driven by decommissioning of Kozloduy 3rd and 4th units (880 MW), consumption growth and liberalization of cross-border trade
- During first 5 years after the privatization the plant's fixed cost will be - to a large 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

Source: CEZ

* *International accounting standards, converted at 1.956 BGN/EUR ; year 2006 converted at CZK 28.3 / EUR*

IMPLEMENTATION AGREEMENT SIGNED ON CONSTRUCTION OF GACKO II POWER PLANT



- **On 16. 5. 2007 the implementation agreement in Gacko was signed:**
  - Contribution of current power plant and mine into the joint venture till 31. 3. 2008 – increase of stated capital from ERS side, valuation to 31.12. 2007
  - Completion of stated capital increase based on implementation contract to app. EUR 400 m to 31. 3. 2008 from CEZ side
  - CEZ company share 51 %
- Joint venture company NERS, d.o.o., will invest app. EUR 1.4 bn in years 2007 – 2015
- **Investment consists of the following steps:**
  - Construction of a new unit Gacko II; installed capacity 600 – 700 MW.
  - Enlargement of lignite mine (trippling of current mining volume between 2007 and 2015).
  - Modernization of existing 300MW unit – complex refurbishment till year 2025, environmental upgrade

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

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

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

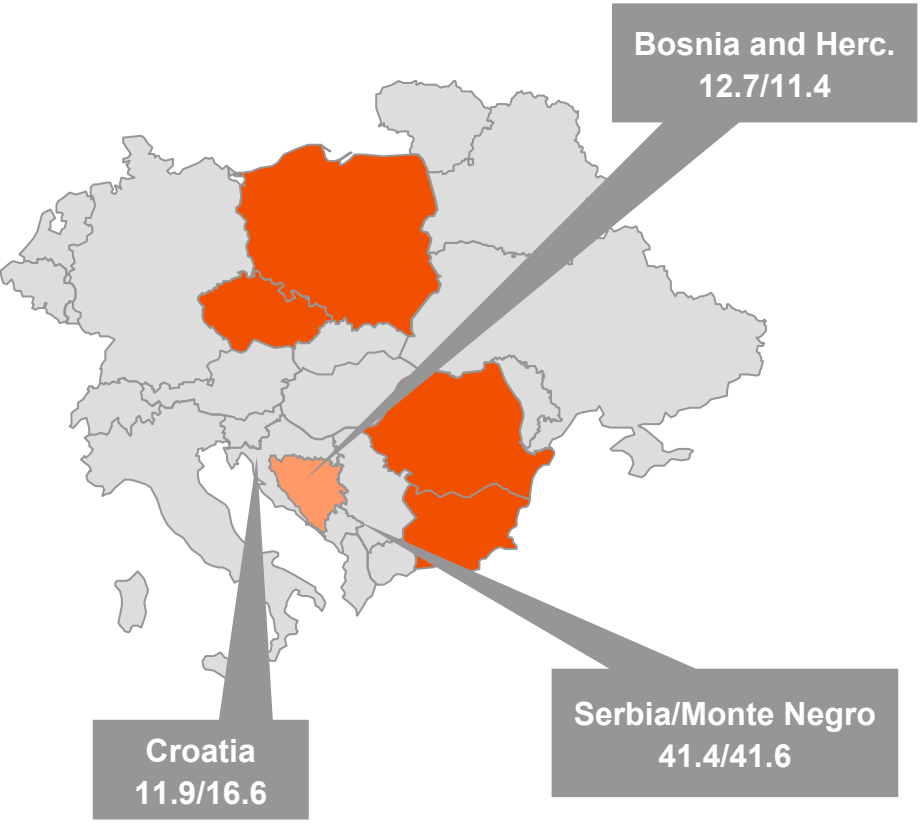
GACKO PROJECT TIMETABLE (BASIC SCENARIO)

Expected timeline of the project

Existing Gacko facility (300 MW)

SELECTED DETAILS ON BOSNIA AND HERCEGOVINA

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



[x] *source: UCTE*

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

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

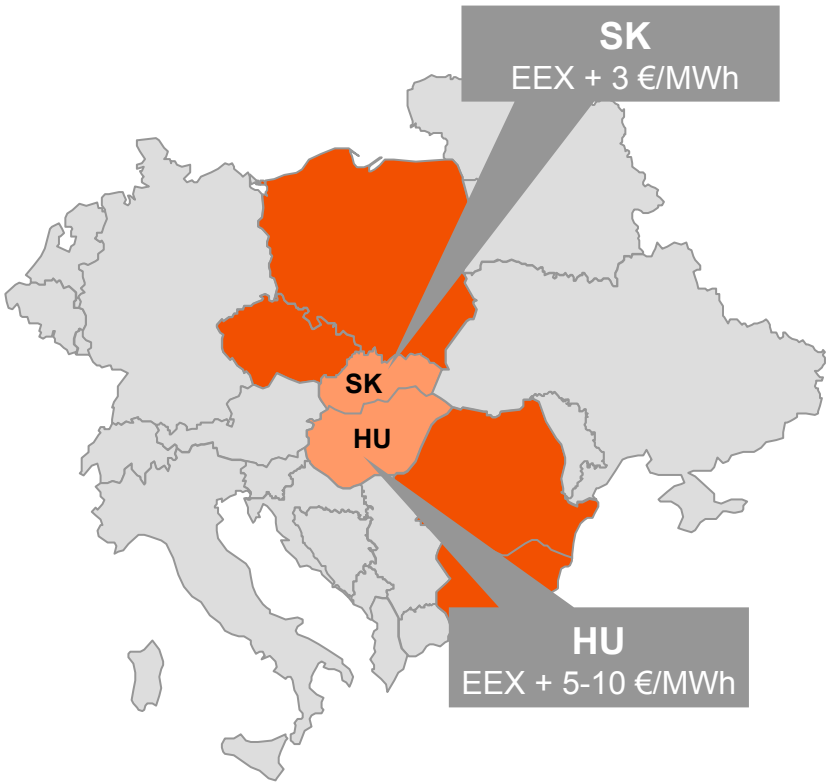
	2004	2005*	2006*	2007*
Real GDP growth (%)	6.2	5.0	5.3	5.3
Industrial production growth (%)	12.4	10.0	10.0	10.0

** Economist Intelligence Unit*

- In May 2006 the energy regulator of Bosnia and 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.

ELECTRICITY MARKET CHARACTERISTICS IN HUNGARY AND SLOVAKIA

Electricity prices



SLOVAKIA (2006, GW)		
	Capacity (GW)	**Generation (TWh)**
Nuclear	2.4	16.6
Coal	1.4	4.7
Hydro, others	2.4	4.4
Gas/Oil	1.0	3.3
Total	**7.3**	**29.0**

- 80% of generation assets owned by Enel
- Hydro and nuclear are highly competitive, representing 70% of country production
- Partial decommisioning of Bohunice nuclear plant is expected to make Slovakia net importer in 2007

HUNGARY (2006)		
	Capacity (GW)	**Generation (TWh)**
Nuclear	1.8	12.7
Coal	1.4	7.9
Hydro, others	0.8	2.3
Gas/Oil	4.4	10.7
Total	**8.3**	**33.4**

- generation fragmented – largest MVM owns 24% of capacity
- expensive generation mix – over 50% capacity are inefficient oil/gas plants
- 17% of consumption is being imported

SELECTED HISTORICAL FINANCIALS OF CEZ GROUP
CZK

Profit and loss *CZK bn*	**2003**	**2004**	**2005**	**2006**	**2007**
Revenues	87.3	102.7	125.1	149.1	174.6
Sales of electricity	79.0	92.2	115.9	148.3	162.7
Heat sales and other revenues	8.3	10.5	9.1	11.3	11.8
Operating Expenses	53.7	63.0	74.9	84.8	99.2
Purchased power and related services	21.1	26.5	37.5	43.0	46.3
Fuel	9.2	9.3	9.0	11.6	16.9
Salaries and wages	9.7	11.4	13.4	15.1	16.9
Other	13.7	15.9	15.0	15.1	23.9
EBITDA	**33.6**	**39.6**	**50.2**	**64.3**	**75.3**
EBITDA margin	*38%*	*39%*	*40%*	*43%*	*43%*
Depreciaiton	18.5	19.8	20.7	24.3	22.1
EBIT	**15.0**	**19.8**	**29.4**	**40.0**	**53.2**
EBIT margin	*17%*	*19%*	*24%*	*27%*	*30%*
Net Income	9.6	13.2	21.5	27.7	41.6

Balance sheet *CZK bn*	**2003**	**2004**	**2005**	**2006**	**2007**
Non current assets	271.9	271.7	280.4	302.0	313.1
Current assets	24.7	27.5	43.8	66.7	57.9
- out of that cash and cash equivalents	5.0	8.9	16.8	30.9	12.4
Total Assets	**296.6**	**299.3**	**324.2**	**368.7**	**370.9**
Shareholders equity (excl. minority. int.)	171.1	178.4	191.3	194.9	171.4
Interest bearing debt	38.8	41.8	38.7	48.4	73.3
Other liabilities	86.7	79.0	94.2	125.3	126.3
Total liabilities	**296.6**	**299.3**	**324.2**	**368.7**	**370.9**

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	2007
Revenues		3,143	3,698	4,506	5,372	6,288
Sales of electricity		2,845	3,320	4,177	5,342	5,862
Heat sales and other revenues		299	378	329	406	426
Operating Expenses		1,934	2,271	2,699	3,055	3,575
Purchased power and related services		760	955	1,350	1,549	1,669
Fuel		330	335	325	419	608
Salaries and wages		349	409	484	543	609
Other		495	571	541	544	861
EBITDA		**1,209**	**1,427**	**1,807**	**2,317**	**2,713**
EBITDA margin		*38%*	*39%*	*40%*	*43%*	*43%*
Depreciaiton		667	715	747	875	797
EBIT		**542**	**713**	**1,060**	**1,442**	**1,916**
EBIT margin		*17%*	*19%*	*24%*	*27%*	*30%*
Net Income		346	476	773	998	1,498

Balance sheet	EUR m	2003	2004	2005	2006	2007
Non current assets		9,794	9,788	10,101	10,878	11,277
Current assets		891	991	1,578	2,401	2,084
- out of that cash and cash equivalents		181	322	605	1,114	448
Total Assets		**10,685**	**10,779**	**11,679**	**13,279**	**13,361**
		0	0	0	0	0
Shareholders equity (excl. minority. int.)		6,162	6,428	6,891	7,020	6,172
Interest bearing debt		1,399	1,506	1,395	1,745	2,640
Other liabilities		3,124	2,845	3,392	4,514	4,550
Total liabilities		**10,685**	**10,779**	**11,679**	**13,279**	**13,362**

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.

Exchange rate used:
27.762 CZK/EUR

Source: CEZ

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