S&P Global Ratings

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CEZ a.s.

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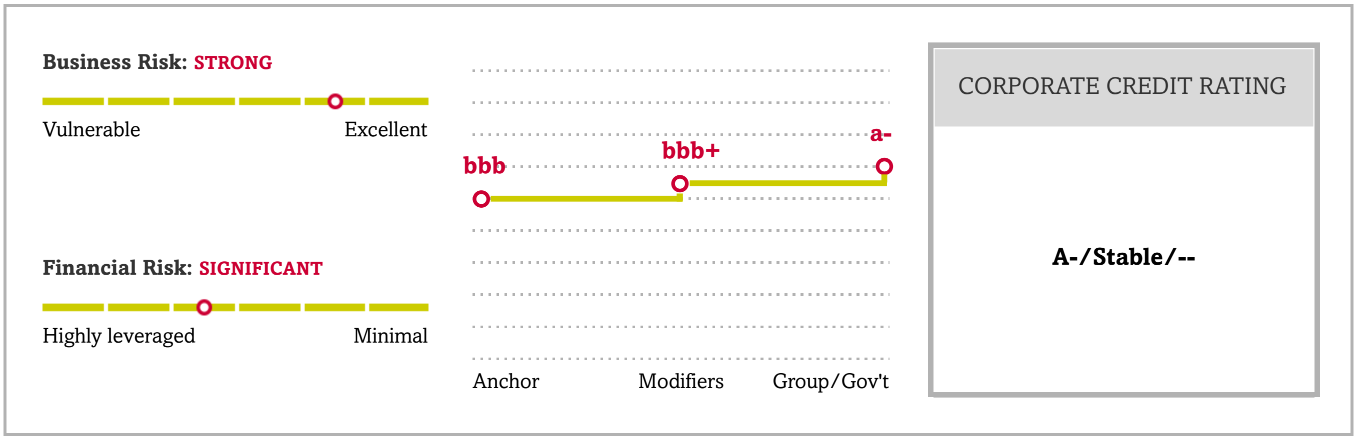


Rationale

Business Risk	Financial Risk
• Leading Czech vertically-integrated utility. • Exposure to competitive power markets and volatile wholesale power prices, as well as carbon prices. • Low-cost, diverse, and competitive electricity generation fleet. • Contribution from low-risk domestic regulated earnings through ownership of the largest Czech distribution network. • Moderately high likelihood of extraordinary support from the Czech Republic. • Supportive energy policy resulting from ongoing support from the government.	• Relatively low leverage compared to its peers. • Substantial cash balances and good access to credit markets. • Neutral to slightly positive discretionary cash flows (DCF).

Outlook

The stable outlook on Czech vertically-integrated utility CEZ a.s. reflects S&P Global Ratings' view that CEZ will be able to maintain its strong market position in the Czech Republic and maintain adequate credit metrics, despite earnings constraints in the current weak power market environment. We consider a ratio of S&P Global Ratings-adjusted funds from operations (FFO) to debt of about 30% as being commensurate with CEZ's current stand-alone credit profile (SACP) of 'bbb+'. Our stable outlook also reflects our unchanged view of a moderately high likelihood of extraordinary support from the Czech Republic. All else being equal, a one-notch downward revision of CEZ's SACP would not affect the rating.

Downside scenario

Negative pressure on the SACP could result from weaker power prices and electricity generation spreads than we currently anticipate. We might also consider a negative rating action if CEZ's profitability deteriorated, if the Czech government unexpectedly changed the group's shareholder remuneration, or if adjusted FFO to debt fell significantly under 30% for a prolonged period of time.

We could lower the ratings on CEZ if its SACP falls by two notches or more. At the same time, if the sovereign credit ratings on the Czech Republic fall by three notches, we could lower the ratings on CEZ, all else being equal.

Upside scenario

An upgrade is remote at this stage, given current low power prices. We could envisage a positive rating action if CEZ maintained its ratio of adjusted FFO to debt at more than 35%. This could happen if power market fundamentals in domestic and Western European markets sustainably improved and if CEZ materially reduced its debt. All else being equal, a one-notch upward revision of CEZ's SACP would translate into a similar improvement for the ratings. At the same time, if we raise ratings on the Czech Republic, this would translate into a similar action on CEZ.

Our Base-Case Scenario

Assumptions

- Forecast real GDP growth in the Czech Republic of 2.0% per year in 2017-2019.
- Czech power prices and CO2 assumptions continue to be linked to German power market. Power prices to remain between €27/per megawatt hour (MWh)-€31/MWh over 2017-2020.
- CO2 allowance price not expected to recover in the near term and remain around €6 per ton.
- Declining EBITDA between 2016 and 2017 due to nuclear outages (Nuclear output - 2014: 30.3 terawatt hours (TWh); 2015: 26.8 TW; 2016: 24.4TW) and hedges at attractive prices running out. Flat EBITDA from 2018 versus 2017.
- Nuclear output continues to be slightly lower in 2017 but then to stabilize from 2018 as all the weld checks will be finalized.
- No material mergers and acquisitions transactions.
- Investments of around Czech koruna (CZK) 32 billion annually.
- Dividend payout ratio not to exceed 80% from adjusted net profit.

Key Metrics

	2015A	2016E	2017E
EBITDA (Bil. CZK)	73.5	64.0-67.0	55.0-59.0
FFO to debt (%)	34.7	28.0-33.0	28.0-33.0
DCF to debt (%)	12.0	(2.0)--2.0	4.0-8.0

FFO--Funds from operations. DCF--Discretionary cash flow. A--Actual. E--Estimate.

Company Description

CEZ a.s. is an integrated energy company with a presence in a wide range of electricity-related businesses: generation, distribution, supply, mining, and energy trading. It is the Czech Republic's leading electricity operator and has a small presence in its neighbouring countries, mainly in Romania, Bulgaria, Poland, and Turkey.

CEZ has about a 68% market share of the generation segment in the Czech Republic, with a total capacity of 15.92 gigawatts (GW) and a 2015 production of 60.9 TWh. The generation mix comprises mostly nuclear and lignite (83%), with the latter being supported by its ownership of the Czech Republic's largest mining company, which provides 67% of CEZ's lignite needs. It also has an overall market share of 34% in the competitive Czech supply market. In 2015, CEZ supplied 19.8 TWh of electricity and 4.7 TWh of natural gas to its end customers.

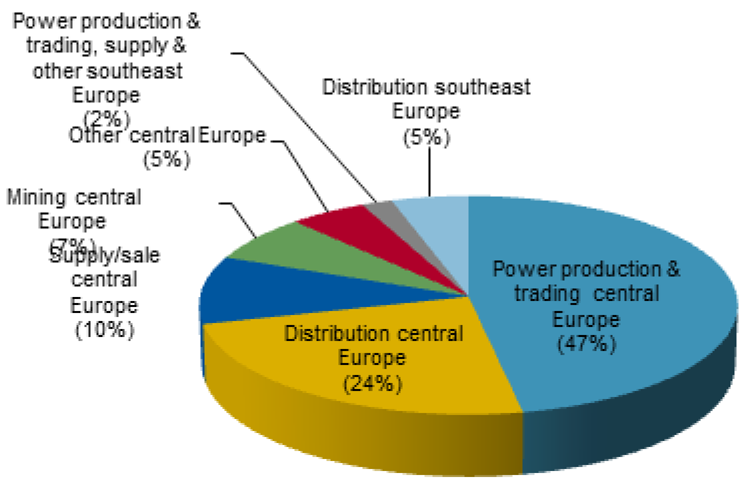
CEZ controls about 63% of the Czech Republic's electricity distribution, owning the largest distribution company in the Czech Republic. Regulated operations contributed to about 30% of 2015 EBITDA.

The largest shareholder of CEZ is the Czech Republic, with a stake of nearly 70% in the company's share capital. The remaining 30% is publicly listed.

For the 2015 fiscal year, CEZ reported an EBITDA of CZK65.1 billion compared to CZK72.5 billion in 2014 (see chart below).

Chart 1

CEZ a.s. 2015 EBITDA by segment



Business Risk

We assess CEZ's business risk profile as strong. Key strengths include the group's leading position in the Czech power market and Central Europe; the contribution from its regulated network activities, mainly in Czech Republic; and its competitive, low-cost, and multi-fueled electricity generation fleet.

Weaker market fundamentals and weakening profit margins

Czech power prices remain linked to the German power market. Power prices in Germany recovered to around €30 from the historically low €20/MWh reported in early 2016. The rebound is primarily driven by the recovery of commodity prices--specifically that of coal, which almost doubled from its low in the first quarter of 2016, and this supports forward prices in Germany.

For 2017, we expect an even stronger recovery in power prices, driven by unexpected outages in the French nuclear generation fleet, which will also impact prices in neighbouring countries. That said, given the group's long-term hedging strategy and the short-term increase in prices, driven by lower supply from French nuclear, will have no material impact. Current price levels will become visible with a time lag of about two years, also keeping in mind very low power price levels in the first half of 2016.

About two-thirds of CEZ's EBITDA is exposed to inherently volatile wholesale power prices. CEZ actively sells its power output three years forward, which we think reduces exposure to spot power prices and provides a high degree of earnings predictability over the coming years, especially for the next 12 months. That said, reported EBITDA for power production and trading segment declined by 22% year-on-year (as of year-end 2015) and we expect it to decline further in 2017.

Market position, vertical integration, and low cost-based generation mitigate exposure to power markets challenges

We see CEZ's vertical integration and low cost generation mix as mitigating the power market challenges.

CEZ produced about 67% of Czech electricity in 2015 with the rest coming from independent power producers. CEZ also owns the largest distribution company in the country, which distributes 63% of the total distributed electricity in the Czech Republic. In addition, the company has a strong 34% share of the end-customer supply market.

CEZ has a diverse fleet along the load curve, spread across nuclear assets (44%, lignite (39%) and black coal power plants (9%), and hydro (7%).The company invested in renewal of its coal generation fleet, increasing the efficiency of those power plants and matching their lifetime with the lifetime of the coal mine supplying the power plant which minimizes the risk of coal supply. New and refurbished power plants consume less fuel, are more efficient, and less carbon-intensive. CEZ's nuclear assets comprise the relatively new Czech-based Temelin and Dukovany nuclear plants. Over the past years, its nuclear operations suffered from longer-than-expected outages due to prolonged weld checks and license renewal, which had a negative impact on the group's operating performance. We anticipate these outages to be resolved during the course of 2017 and expect the group's cash flow base to increase once all extended weld checks are finished..

Supportive energy policy for CEZ in the Czech Republic

Since 2015, a new State Energy Policy and nuclear action plan have been in effect in the Czech Republic. One of the main goals is to preserve the existing full independence in heat and electricity supply and achieve diversification through the development of nuclear energy (life of nuclear units extended to 2035). The share of nuclear power in the Czech Republic's generation mix is expected to rise from about 35% to about 45%-55% by 4040. CEZ's nuclear generation was about 44% of its total output in 2015. Given the Czech Republic's pronuclear appetite, we do not see any risk for CEZ. Moreover, the nuclear fleet gives CEZ cost advantage given the fact that its nuclear plants are placed at the lower end of the merit order.

In October 2015, the government of the Czech Republic approved adjustments of brown coal mining limits at the Bílina Mine; this will allow Severo#?eské doly, a member of the CEZ group, to extract up to 150 million tons of additional coal and the mining can continue until 2055. We see this as supportive for CEZ as this will allow for the security of coal supply and also demonstrates that the Czech Republic remains coal supportive.

The CEZ group continues to receive part of its emission allowances for free. This was decided in early 2013 by the European Commission. The CEZ group will get the allocation of a total of about 70 million free allowances for electricity production between 2013 and 2020 in exchange for a commitment to make investments, at least to the amount of the allocated allowances. Value of free CO2 allowances should be invested into modernizing and upgrading infrastructure, clean technologies, and diversifying the energy mix. CEZ has already invested in the last few years in its coal generation fleet to increase the efficiency and reduce emissions.

Share and predictability of regulated networks support the strong business risk profile

Regulated activities primarily include the bulk of the power distribution network in the Czech Republic. We assess the regulatory framework as strong, supported by the track record of the framework and predictability of earnings. Strong assessment is supported by an independent regulator with a relatively established track record, sufficient clarity on key inputs, good predictability under the three yearly regulatory period (2016-2019), and fairly supportive of new investments. Weighted-average cost of capital is recalculated annually to adjust for the actual cost of debt and is 7.951% for the current regulatory period. We estimate the EBITDA contribution from these Czech regulated activities to be about one-third, and we see this share increasing in the coming years on the back of reduced contribution from generation activities and increased tariffs to gradually adjust upwards the regulated asset base.

The group's international operations are primarily located in central and southeastern European markets, including Bulgaria, Romania, and Poland, which we see as having moderately high country risk. We see this international diversification as slightly negative for the group's business risk profile, as they are in higher risk countries and the regulatory regimes are less developed than in the Czech Republic. CEZ declared its willingness not to increase its exposure toward southeastern Europe and focuses rather on western and central European countries.

Our Base-Case Operating Scenario

- 2016-2017 EBITDA margins to decrease by mid-single-digit percentages, mainly driven by a lower nuclear output.
- Flat EBITDA margins from 2018 onward.
- Contribution from regulated network activities increasing well above 30% of EBITDA.
- Allocation of part of the emission allowances for free until 2020 as per the granted derogation scheme.

Peer comparison

Table 1

CEZ a.s. -- Peer Comparison

Industry Sector: Electric Utility

	CEZ a.s.	RWE AG	Vattenfall AB	EnBW Energie Baden-Wuerttemberg AG	Statkraft AS
Rating as of Dec. 8, 2016	A-/Stable/(A-2)	BBB-/Stable/A-3	BBB+/Negative/A-2	A-/Negative/A-2	A-/Negative/A-2
	--Fiscal year ended Dec. 31, 2015--				
(Mil. €)					
Revenues	7,798.2	46,357.0	17,968.1	21,944.1	5,524.0
EBITDA	2,718.8	6,168.0	3,645.0	2,072.3	1,139.0
Funds from operations (FFO)	2,213.6	4,008.9	3,088.1	1,674.3	802.0
Net income from cont. oper.	767.5	(1,694)	(1,820.9)	124.9	(184.4)
Cash flow from operations	2,602.9	4,155.9	4,757.5	1,882.9	878.9
Capital expenditures	1,046.8	2,684.0	3,083.6	1,394.5	879.6
Free operating cash flow	1,556.2	1,471.9	1,674.0	488.4	(0.7)

Table 1

CEZ a.s. -- Peer Comparison (cont.)

Industry Sector: Electric Utility

	CEZ a.s.	RWE AG	Vattenfall AB	EnBW Energie Baden-Wuerttemberg AG	Statkraft AS
Discretionary cash flow	767.4	389.9	1,612.4	163.7	(537.3)
Cash and short-term investments	498.9	9,959.0	4,833.7	3,501.1	992.3
Debt	6,374.2	28,117.2	14,881.7	5,754.0	4,068.6
Equity	10,071.4	9,944.0	13,677.8	6,089.5	9,191.4
Adjusted ratios					
EBITDA margin (%)	34.9	13.3	20.3	9.4	20.6
Return on capital (%)	7.0	7.0	(7.3)	11.8	6.0
EBITDA interest coverage (x)	9.8	3.3	4.6	2.2	6.4
FFO cash int. cov. (X)	10.6	5.7	9.1	7.6	4.1
Debt/EBITDA (x)	2.3	4.6	4.1	2.8	3.6
FFO/debt (%)	34.7	14.3	20.8	29.1	19.7
Cash flow from operations/debt (%)	40.8	14.8	32.0	32.7	21.6
Free operating cash flow/debt (%)	24.4	5.2	11.2	8.5	(0.0)
Discretionary cash flow/debt (%)	12.0	1.4	10.8	2.8	(13.2)

Financial Risk

We view CEZ's financial risk profile as significant. We benchmark CEZ's credit metrics, notably our adjusted FFO-to-debt and debt-to-EBITDA ratios, against our standard volatility table. We expect CEZ's credit metrics to decline from historically strong levels over our two-year rating horizon as a result of lower locked-in power prices. However, we believe that CEZ will be able to maintain adjusted FFO to debt of about 30%, which is our threshold for a 'bbb+' SACP. This is partially supported by CEZ's credit-driven policy, which aims to keep net debt to EBITDA below 2.5x-3.0x, unless it finds enough investment opportunities (reported net debt to EBITDA as of year-end 2015 was 2.02x). We do not foresee this happening in the short-to-medium term. On the other hand, financial risk profile is somewhat constrained by CEZ's sizable investment plan, which we estimate to stay at about CZK32 billion annually, and relatively high dividends. As a result of this, we anticipate that DCF (cash flows after capital expenditures [capex] and dividends) will be neutral to slightly positive. Our assessment of the financial risk profile is also underpinned by CEZ's substantial cash balances, which are aimed to repay upcoming maturities and subsequently decrease leverage.

Our adjusted credit metrics are slightly affected by CEZ's nuclear liabilities. CEZ has nuclear-asset retirement obligations, which include being responsible for and covering all costs of the interim storage of radioactive waste and spent fuel until final handover to the state, as well as decommissioning activity. The state guarantees final storage and keeps a fund for this, into which CEZ pays a regular fee per kilowatt-hour. We treat the reported provision as debt and make an adjustment to FFO to account for the increasing provision.

CEZ records no pension liabilities because under the Czech system, they are the state's responsibility.

Our Base-Case Cash Flow And Capital Structure Scenario

- Revenues are based on hedged volumes at hedged prices. Czech power prices continue to be driven by the German power market and we do not expect a major pick-up in carbon price over the next two years.
- Dividend payout ratio not to exceed 80%.
- Due to lack of investment projects, we forecast positive DCF which we assume will be used for debt repayment.
- Capex will decrease close to CZK32 billion per year from 2017 onward. About 40% of total capex will be into regulated networks.
- Exchange rate for Czech koruna to euro expected to remain stable, negligible appreciation of koruna against the euro.

Financial summary

Table 2

CEZ a.s. -- Financial Summary					
Industry Sector: Electric Utility					
	--Fiscal year ended Dec. 31--				
	2015	**2014**	**2013**	**2012**	**2011**
Rating history	A-/Stable/--	A-/Stable/--	A-/Stable/--	A-/Stable/--	A-/Stable/--
(Mil. CZK)					
Revenues	210,729.0	205,092.0	222,992.0	213,719.0	208,527.0
EBITDA	73,468.0	78,109.0	90,938.0	86,995.0	89,376.0
Funds from operations (FFO)	59,818.4	63,692.8	73,708.8	69,356.2	71,356.1
Net income from continuing operations	20,739.0	22,403.0	35,885.0	41,429.0	40,756.0
Cash flow from operations	70,337.4	68,260.8	70,251.8	62,608.2	60,381.1
Capital expenditures	28,286.0	31,742.0	42,385.0	49,902.0	50,348.0
Free operating cash flow	42,051.4	36,518.8	27,866.8	12,706.2	10,033.1
Dividends paid	21,313.0	21,320.0	21,336.0	23,995.0	26,655.0
Discretionary cash flow	20,738.4	15,198.8	6,530.8	(11,288.8)	(16,621.9)
Debt	172,248.1	188,408.4	196,343.2	202,103.1	198,284.5
Preferred stock	0.0	0.0	0.0	0.0	0.0
Equity	272,155.0	265,851.0	263,125.0	254,219.0	232,078.0
Debt and equity	444,403.1	454,259.4	459,468.2	456,322.1	430,362.5
Adjusted ratios					
EBITDA margin (%)	34.9	38.1	40.8	40.7	42.9
EBITDA interest coverage (x)	9.8	8.8	9.8	9.6	10.0
FFO cash int. cov. (x)	10.6	9.4	10.4	10.2	11.1
Debt/EBITDA (x)	2.3	2.4	2.2	2.3	2.2
FFO/debt (%)	34.7	33.8	37.5	34.3	36.0
Cash flow from operations/debt (%)	40.8	36.2	35.8	31.0	30.5
Free operating cash flow/debt (%)	24.4	19.4	14.2	6.3	5.1
Discretionary cash flow/debt (%)	12.0	8.1	3.3	(5.6)	(8.4)
Net cash flow /capex (%)	136.1	133.5	123.6	90.9	88.8
Return on capital (%)	6.9	8.1	10.9	12.7	13.6

Table 2

CEZ a.s. -- Financial Summary (cont.)					
Industry Sector: Electric Utility					
	--Fiscal year ended Dec. 31--				
	2015	**2014**	**2013**	**2012**	**2011**
Return on common equity (%)	6.5	7.1	12.7	15.9	16.9
Common dividend payout ratio (un-adj.) (%)	102.7	95.2	59.5	57.9	65.4

Liquidity

We view CEZ's liquidity position as adequate because we anticipate that available liquidity sources will cover expected liquidity uses by more than 1.2x in the next 12 months.

We believe that CEZ has a solid relationship with its banks, a high standing in the credit markets, and prudent risk management. We also understand that CEZ's credit facilities are free from onerous financial covenants. The company has various committed undrawn lines maturing between 2017 and 2019. Reflecting significant cash and credit facilities, the group should have the ability to absorb, without refinancing, high impact, low probability events.

Principal Liquidity Sources	Principal Liquidity Uses
• Unrestricted cash and securities of CZK30.1 billion as of Sept. 30, 2016, according to management data; • Available headroom of about CZK16.7 billion under various committed back-up facilities, all with an option to draw down for another year, and more than one-third of which have a final draw date of more than two years; and • FFO of about CZK54 billion.	• Debt maturities of about CZK29.4 billion over the next 12 months to Sept. 30, 2017; Of the CZK29.4 billion, CZK12.5 billion is exchangeable for MOL Hungarian Oil and Gas PLC shares. • Annual capex of about CZK32 billion-CZK33 billion as per the company's guidance; and • Dividend payout ratio of 80%, about CZK16 billion-CZK17 billion in the next 12 months.

Debt maturities

2016: 11,919 million

2017: 16,503 million

2018: 2,840 million

2019: 4,186 million

2020: 22,926 million

Thereafter: 99,120 million

Other Credit Considerations

We apply a positive comparable rating analysis modifier based on our forecasts that CEZ will maintain its credit metrics at the upper end of the significant range when judged by the core ratio of adjusted FFO to debt and ongoing support from the Czech Government.

Government Influence

We believe that there is a moderately high likelihood that the Czech Republic would provide timely and sufficient extraordinary support to CEZ in the event of financial distress. We base our opinion on our assessment of CEZ's important role for, and strong link with, the Czech government.

- We view CEZ as having an important role for the Czech government as both a provider of an essential service and a key player in the implementation of state energy policies. The company produces more than 70% of the domestic power output, which is sufficient to cover domestic consumption requirements, and distributes electricity to more than 60% of customers in the Czech Republic.
- We see the company's link to the Czech government as strong, because the government is actively involved in key strategic decisions through its representation on CEZ's supervisory board. The finance ministry owns about 70% of CEZ, and the remaining shares are publicly held. Although the state may eventually sell part of its stake in CEZ. We understand that the current government is not contemplating such an action at present. We anticipate that the state will retain its strategic control over CEZ and will remain a supportive shareholder by avoiding negative interventions, such as raising the dividend payout ratio or implementing windfall taxes on power companies.

Ratings Score Snapshot

Corporate Credit Rating

A-/Stable/--

Business risk: Strong

- **Country risk:** Intermediate
- **Industry risk:** Intermediate
- **Competitive position:** Strong

Financial risk: Significant

- **Cash flow/Leverage:** Significant

Anchor: bbb

Modifiers

- **Diversification/Portfolio effect:** Neutral (no impact)
- **Capital structure:** Neutral (no impact)
- **Financial policy:** Neutral (no impact)

- **Liquidity:** Adequate (no impact)
- **Management and governance:** Satisfactory (no impact)
- **Comparable rating analysis:** Positive (+1 notch)

Stand-alone credit profile : bbb+

- **Likelihood of government support:** Moderately high (+1 notch from SACP)

Reconciliation

Table 3

Reconciliation Of CEZ a.s. Reported Amounts With S&P Global Ratings Adjusted Amounts (Mil. CZK)

	--Fiscal year ended Dec. 31, 2015--								
CEZ a.s. reported amounts									
	Debt	**Shareholders' equity**	**Revenues**	**EBITDA**	**Operating income**	**Interest expense**	**EBITDA**	**Cash flow from operations**	**Capital expenditures**
Reported	157,494.0	267,893.0	206,134.0	65,265.0	28,961.0	2,853.0	65,265.0	72,579.0	31,909.0
S&P Global Ratings adjustments									
Interest expense (reported)	--	--	--	--	--	--	(2,853.0)	--	--
Interest income (reported)	--	--	--	--	--	--	388.0	--	--
Current tax expense (reported)	--	--	--	--	--	--	(6,543.0)	--	--
Surplus cash	(21,260.2)	--	--	--	--	--	--	--	--
Capitalized interest	--	--	--	--	--	3,623.0	(3,623.0)	(3,623.0)	(3,623.0)
Share-based compensation expense	--	--	--	31.0	--	--	31.0	--	--
Asset retirement obligations	33,686.3	--	--	--	--	996.0	(1,018.6)	1,381.4	--
Non-operating income (expense)	--	--	--	--	(1,358.0)	--	--	--	--
Non-controlling Interest/Minority interest	--	4,262.0	--	--	--	--	--	--	--
Debt - Accrued interest not included in reported debt	2,328.0	--	--	--	--	--	--	--	--
Revenues - Other	--	--	4,595.0	4,595.0	4,595.0	--	4,595.0	--	--
EBITDA - Gain/(Loss) on disposals of PP&E	--	--	--	161.0	161.0	--	161.0	--	--
EBITDA - Other	--	--	--	3,416.0	3,416.0	--	3,416.0	--	--
D&A - Other	--	--	--	--	(3,416.0)	--	--	--	--
Total adjustments	14,754.1	4,262.0	4,595.0	8,203.0	3,398.0	4,619.0	(5,446.6)	(2,241.6)	(3,623.0)

Table 3

Reconciliation Of CEZ a.s. Reported Amounts With S&P Global Ratings Adjusted Amounts (Mil. CZK) (cont.)

S&P Global Ratings adjusted amounts

	Debt	Equity	Revenues	EBITDA	EBIT	Interest expense	Funds from operations	Cash flow from operations	Capital expenditures
Adjusted	172,248.1	272,155.0	210,729.0	73,468.0	32,359.0	7,472.0	59,818.4	70,337.4	28,286.0

Related Criteria And Research

Related Criteria

- Rating Government-Related Entities: Methodology And Assumptions, March 25, 2015
- Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers, Dec. 16, 2014
- Key Credit Factors For The Unregulated Power And Gas Industry, March 28, 2014
- Key Credit Factors For The Regulated Utilities Industry, Nov. 19, 2013
- Methodology: Industry Risk, Nov. 19, 2013
- Country Risk Assessment Methodology And Assumptions, Nov. 19, 2013
- Corporate Methodology, Nov. 19, 2013
- Corporate Methodology: Ratios And Adjustments, Nov. 19, 2013
- Group Rating Methodology, Nov. 19, 2013
- Methodology: Management And Governance Credit Factors For Corporate Entities And Insurers, Nov. 13, 2012
- Stand-Alone Credit Profiles: One Component Of A Rating, Oct. 1, 2010
- Use Of CreditWatch And Outlooks, Sept. 14, 2009
- 2008 Corporate Criteria: Rating Each Issue, April 15, 2008

Business And Financial Risk Matrix

	Financial Risk Profile					
Business Risk Profile	Minimal	Modest	Intermediate	**Significant**	Aggressive	Highly leveraged
Excellent	aaa/aa+	aa	a+/a	a-	bbb	bbb-/bb+
Strong	aa/aa-	a+/a	a-/bbb+	**bbb**	bb+	bb
Satisfactory	a/a-	bbb+	bbb/bbb-	bbb-/bb+	bb	b+
Fair	bbb/bbb-	bbb-	bb+	bb	bb-	b
Weak	bb+	bb+	bb	bb-	b+	b/b-
Vulnerable	bb-	bb-	bb-/b+	b+	b	b-

Ratings Detail (As Of December 15, 2016)

CEZ a.s.	
Corporate Credit Rating	A-/Stable/--
Senior Unsecured	A-
Corporate Credit Ratings History	
02-Oct-2006	A-/Stable/--
31-May-2005	BBB+/Positive/--
12-Nov-2003	BBB+/Stable/--

Ratings Detail (As Of December 15, 2016) (cont.)

*Unless otherwise noted, all ratings in this report are global scale ratings. S&P Global Ratings' credit ratings on the global scale are comparable across countries. S&P Global Ratings' credit ratings on a national scale are relative to obligors or obligations within that specific country. Issue and debt ratings could include debt guaranteed by another entity, and rated debt that an entity guarantees.

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