



THE LEADER IN POWER MARKETS OF CENTRAL AND SOUTHEASTERN EUROPE

Equity story
December 2005



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SUMMARY FOR INVESTORS

- The vision of CEZ is to become the leader in power markets in the Central and Southeastern Europe
- The largest Czech corporation and the largest corporation among 10 new EU member states
- The best performing European utility stock with growth at >300% in the last 18 months with wide international shareholders base
- Leading position in Central European power markets, 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 (58%)
- Distribution and supply in Bulgaria (42% market share) and Romania (17%)



CEZ GROUP PROVIDES SOME UNIQUE FEATURES FOR EQUITY INVESTORS

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

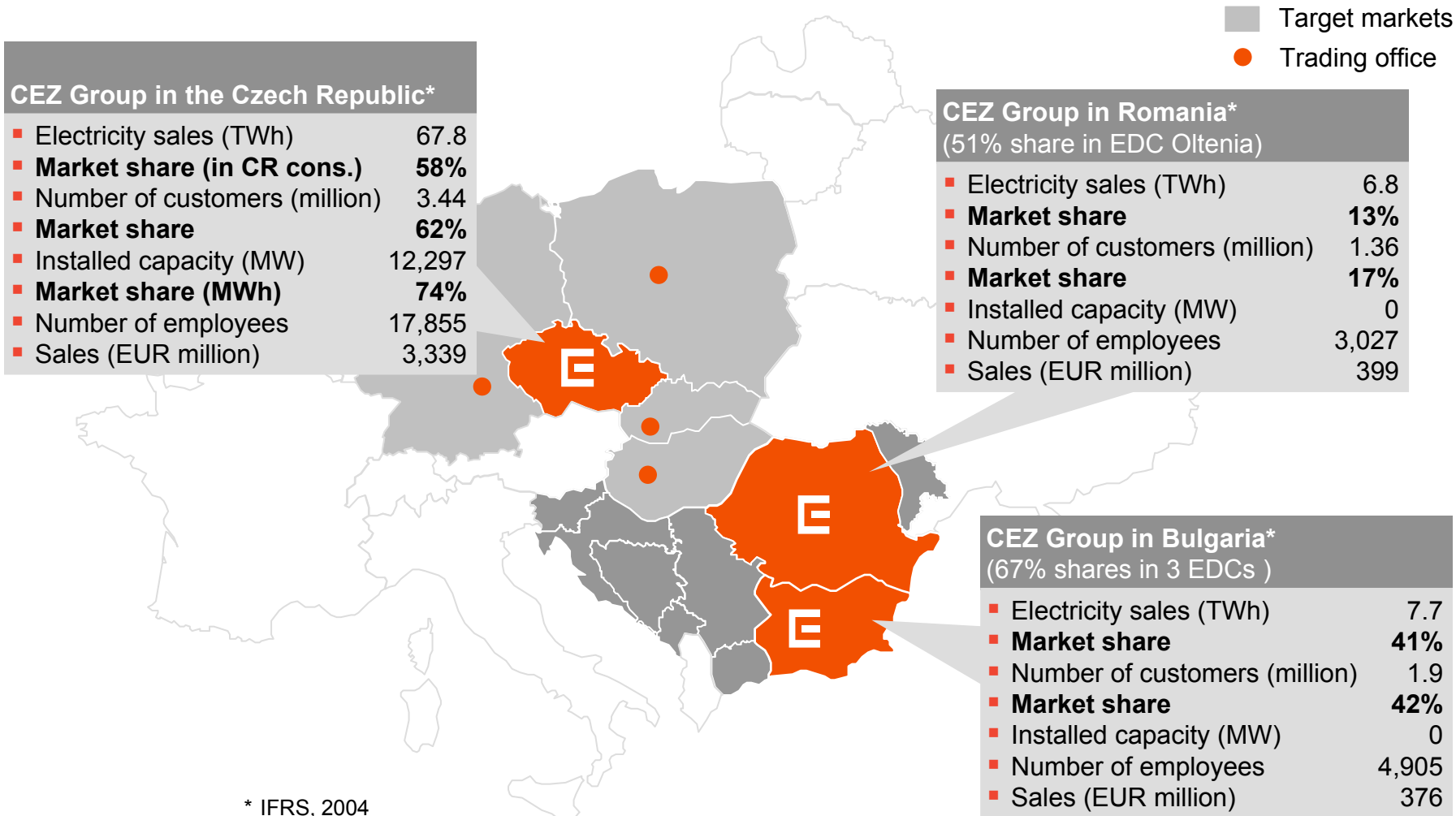


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- Appendix



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



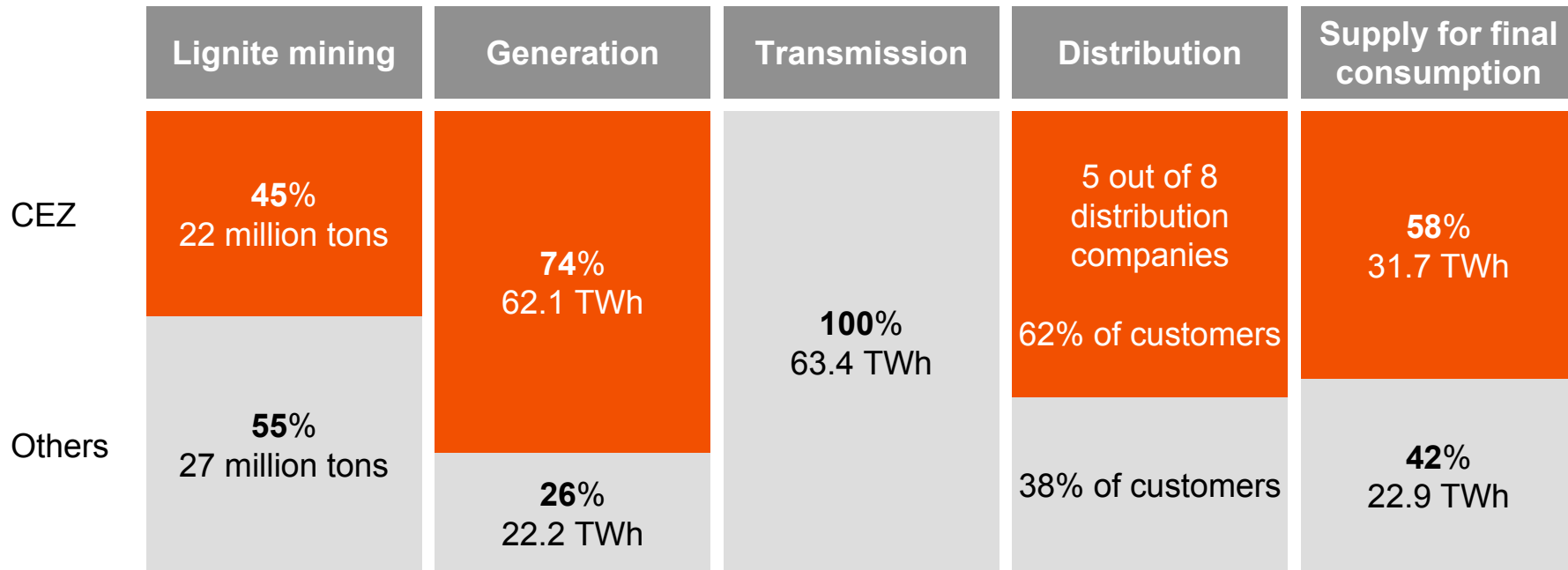
* IFRS, 2004

Note: Exchange rate CZK/EUR = 30

Source: CEZ, Distribution companies, national statistics



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



- CEZ has 93% stake in the largest Czech mining company (SD)

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



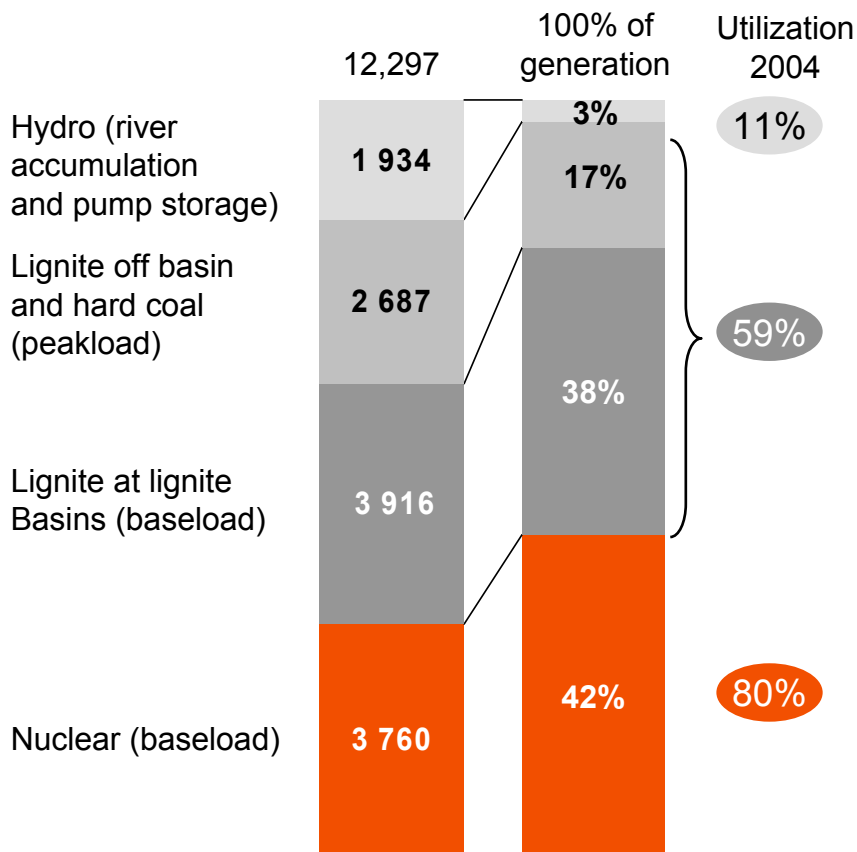
ZCE, SCE, STE,
VCE, SME



CEZ GROUP HAS VERY ATTRACTIVE LOW COST GENERATION FLEET HAS SECURED LOW FUEL COSTS THROUGH LONG TERM CONTRACTS

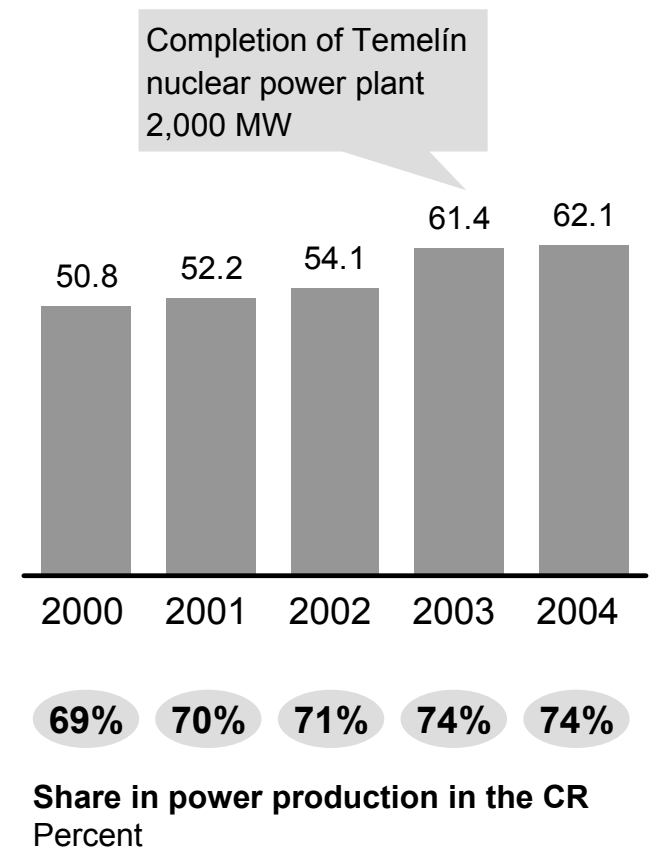
CEZ Group generation capacity (2004)

MW



Annual production of CEZ Group

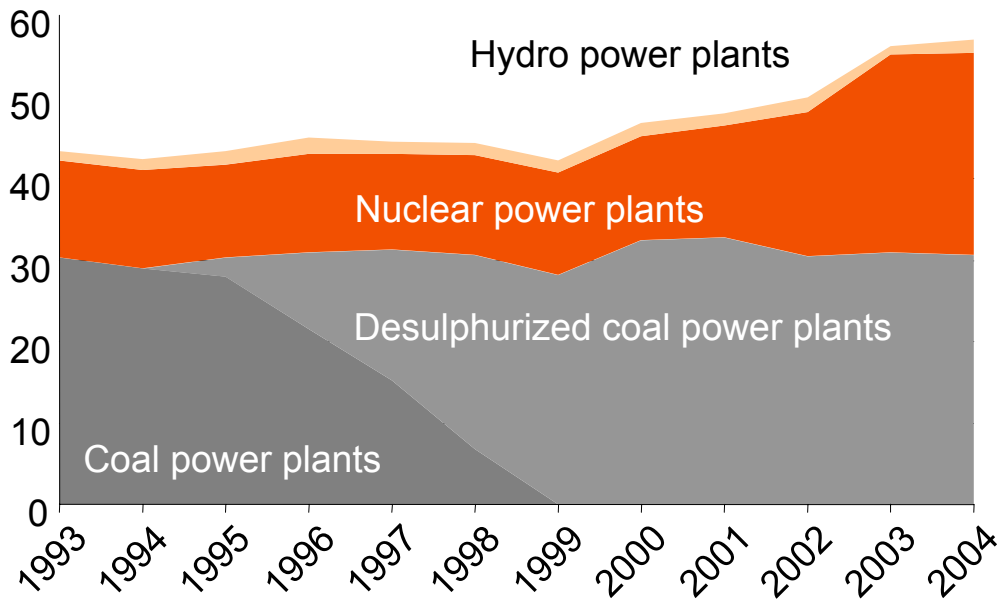
TWh





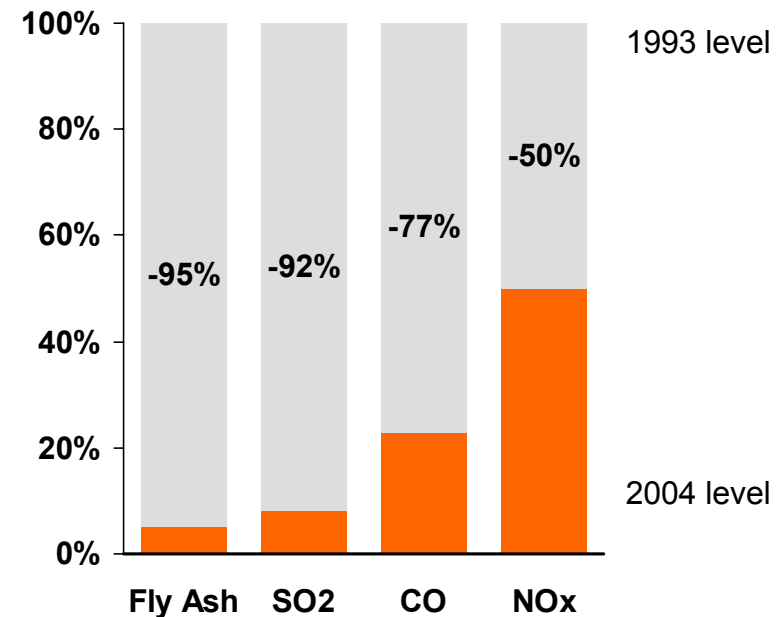
MAJOR INVESTMENT PROGRAM WAS FOCUSED ON EMISSION REDUCTION

Generation structure of CEZ Group
TWh



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

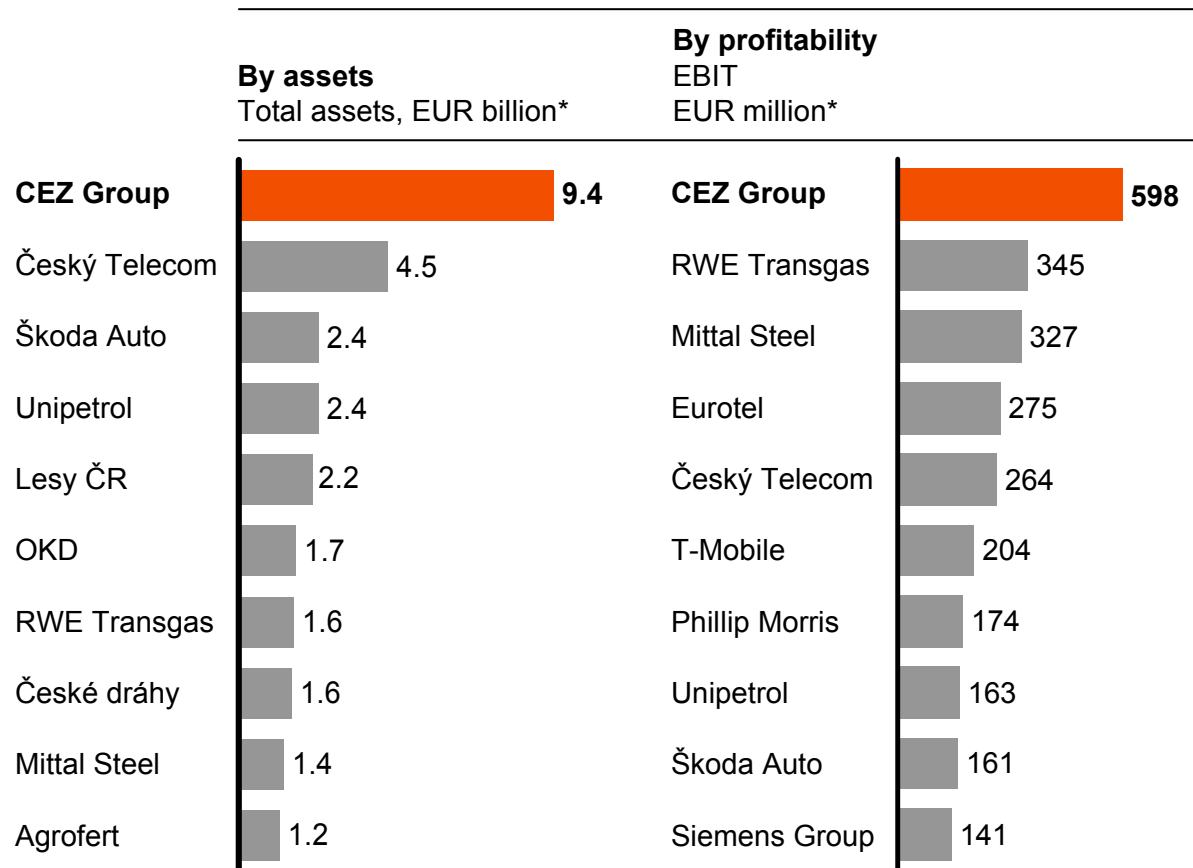
CEZ Group emission change 2004/1993
Percent





CEZ GROUP IS THE LARGEST CZECH COMPANY BY ANY MEASURE

Top Czech companies in 2004

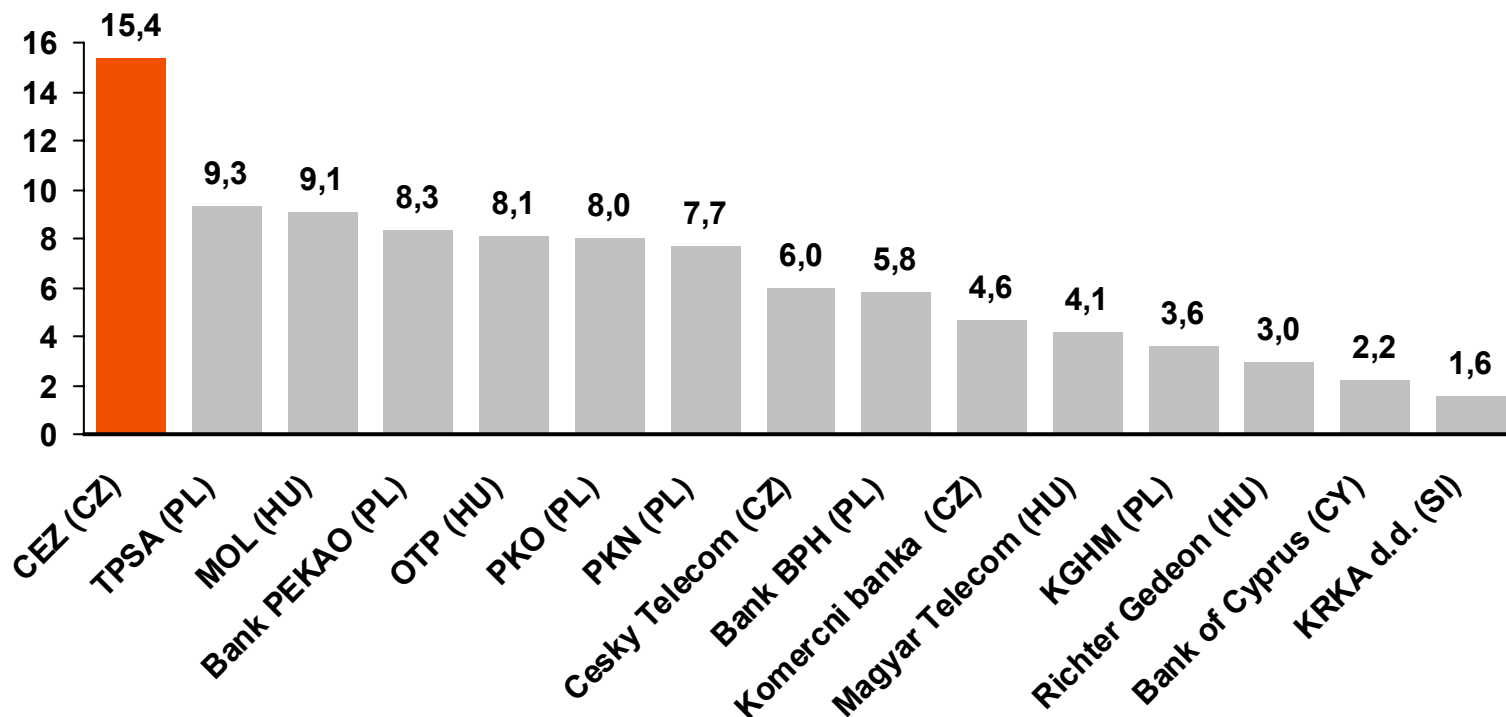


* Exchange rate CZK/EUR = 30



CEZ IS THE BIGGEST COMPANY IN NEW EU MEMBER STATES

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



* As of January 4th, 2006; considering companies included in DJ STOXX EU Enlarged TMI Index



VISION OF THE CEZ GROUP IS TO BE THE LEADER IN POWER MARKETS IN CENTRAL AND SOUTHEASTERN EUROPE

Our vision
The leader
in power
markets in
the Central
and South-
eastern Europe

Business focus

- Integrated utility focused on power generation, distribution and supply
- Present in related businesses where relevant (coal mining, heat generation)

Priority initiatives

- **Czech Republic**
 - maintain strong hedged position
 - achieve operational excellence to be replicated across the group
 - renewal of plant portfolio
- **Central and South Eastern Europe**
 - build strong hedged position through acquisitions
 - integrate into the Group

Brand equity

- Czech champion on the international energy markets



NEW MANAGEMENT TEAM IS DETERMINED TO FULFILL THE MISSION

Management team of CEZ, a. s.

Trade



Alan Svoboda

Finance



Petr Vobořil

CEO



Martin Roman

Generation



Jiří Borovec

Operations



Radomír Lašák

Responsibility

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

- Treasury
- Accounting
- Planning/controlling
- ICT

- M&A
- Procurement

- Conventional generation
- Nuclear generation
- New projects

- Distribution
- Equity participations
- HR
- Integration office

Credentials

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

- Top management positions in CEZ, including CEO and CFO

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

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

- CEO of E-banka
- Board member of Komerční banka/ Societe Generale

Selected by international executive search company



AGENDA

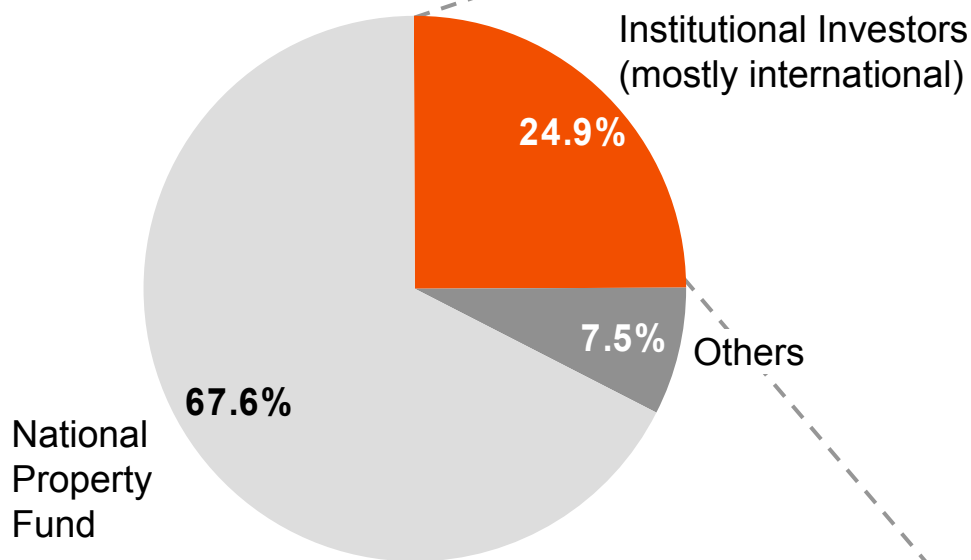
- Summary for investors
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CEZ GROUP ATTRACTED MANY INTERNATIONAL SHAREHOLDERS

Shareholders of CEZ, a. s.

As of June 14, 2005



Government stake unlikely to be reduced in near future

Types of funds investing in CEZ shares

- Emerging markets
- Hedge
- Utilities
- Growth strategies

Examples of large foreign investors

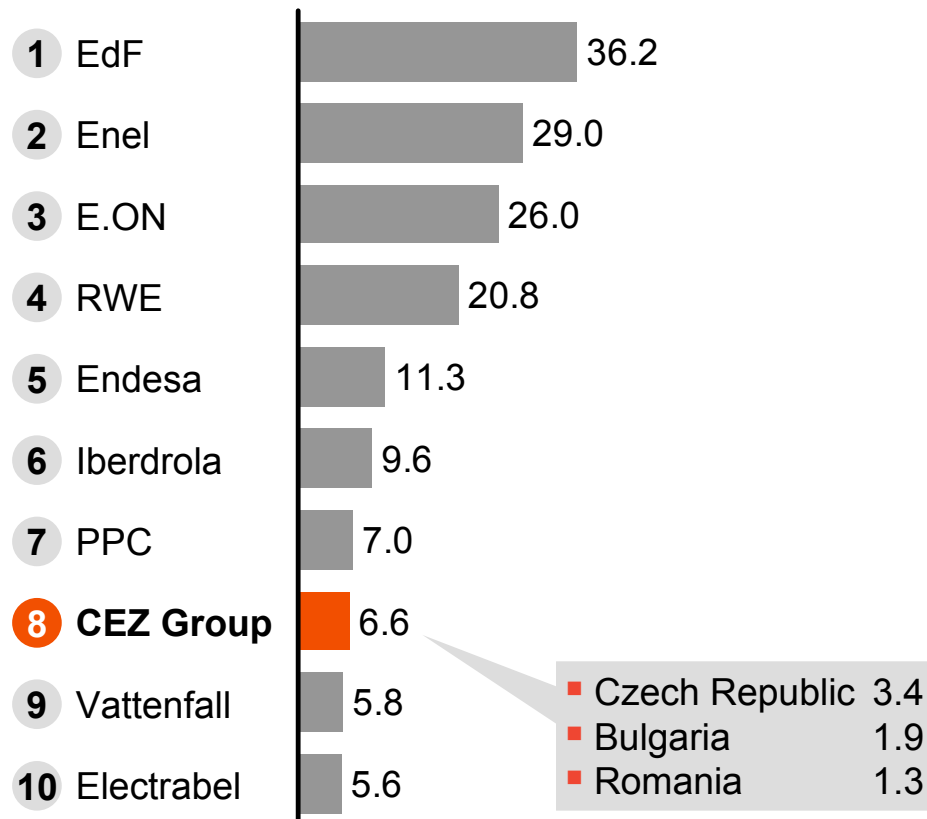
- Baring Global Umbrella
- BNP Paribas
- Brown Brothers Harriman
- Charlemagne Capital
- Investors Bank & Trust Boston
- J. P. Morgan
- Merrill Lynch
- Nortrust Nominees
- Pioneer
- SIS Segaintersettle
- UBS



CEZ IS AMONG TOP 10 EUROPEAN POWER UTILITIES

Top 10 European power utilities

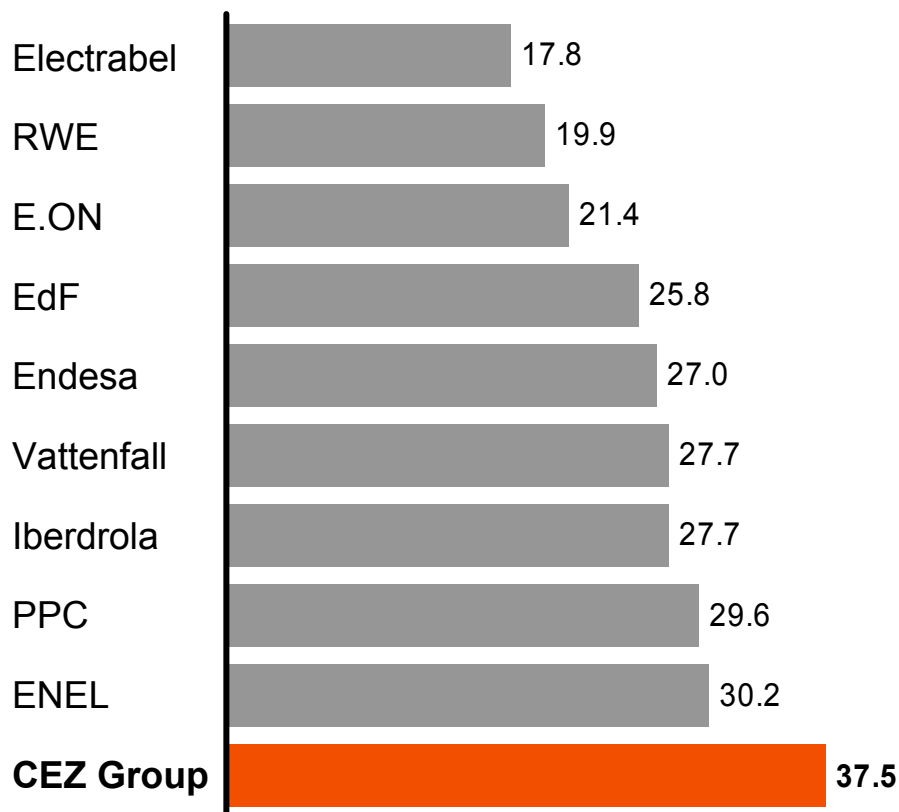
Number of customers in Europe, million





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

EBITDA margin, 2004
Percent



CEZ Group outstanding performance is driven by generation portfolio which has potential for further improvements:

■ **Coal Supply**

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

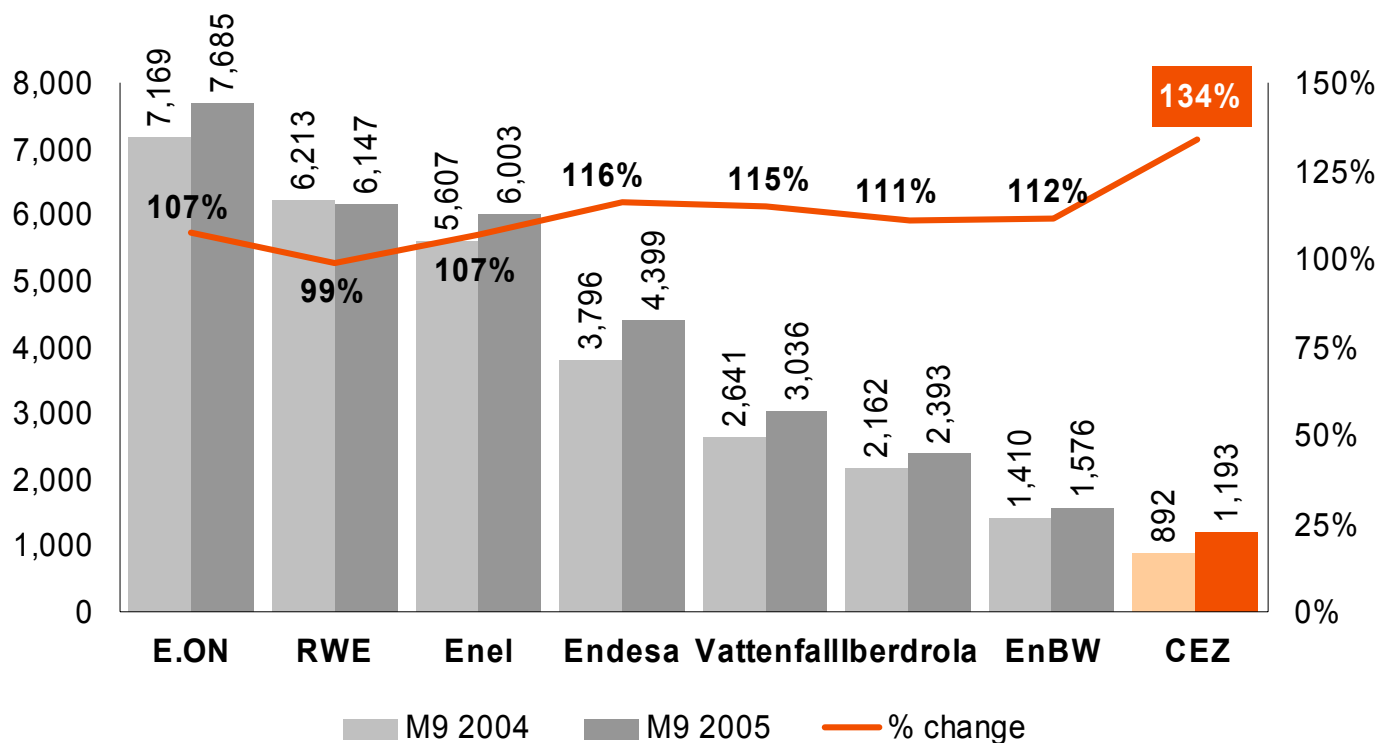
■ **Nuclear**

- Operations approved till 2037 (Dukovany after extension) and 2042 (Temelin)
- Further extension technically feasible and likely to be granted
- Increased capacity of Dukovany (~5% or 80 MW) and Temelin (~5% or 100 MW) after turbine rotor upgrades



M9 2005 DEVELOPMENT CONFIRMS CONTINUED GROWTH DYNAMICS

EBITDA Development of CEZ and its peers
EUR million



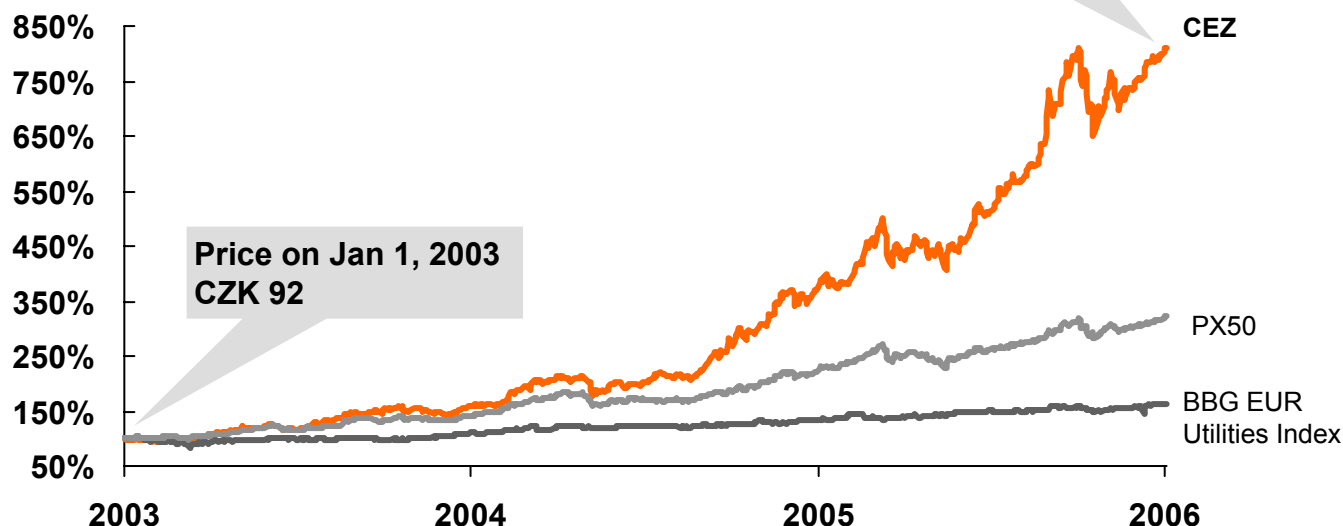
Drivers for CEZ

- Rising wholesale prices
- Low cost of fuel
- CO2 certificate/power arbitrage
- Higher supply margin
- Favourable distribution regulation



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

Prices of shares and share indexes*
Percent



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

Average daily volume in year 2005

- CZK 1.2 billion
- 2.3 million pieces
- 1.4% of the free float
- total volume traded in 2005 exceeds average market capitalization

* Indexed to Jan 1, 2003

** As of January 4th, 2006

CEZ shares are part of the following main indices

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

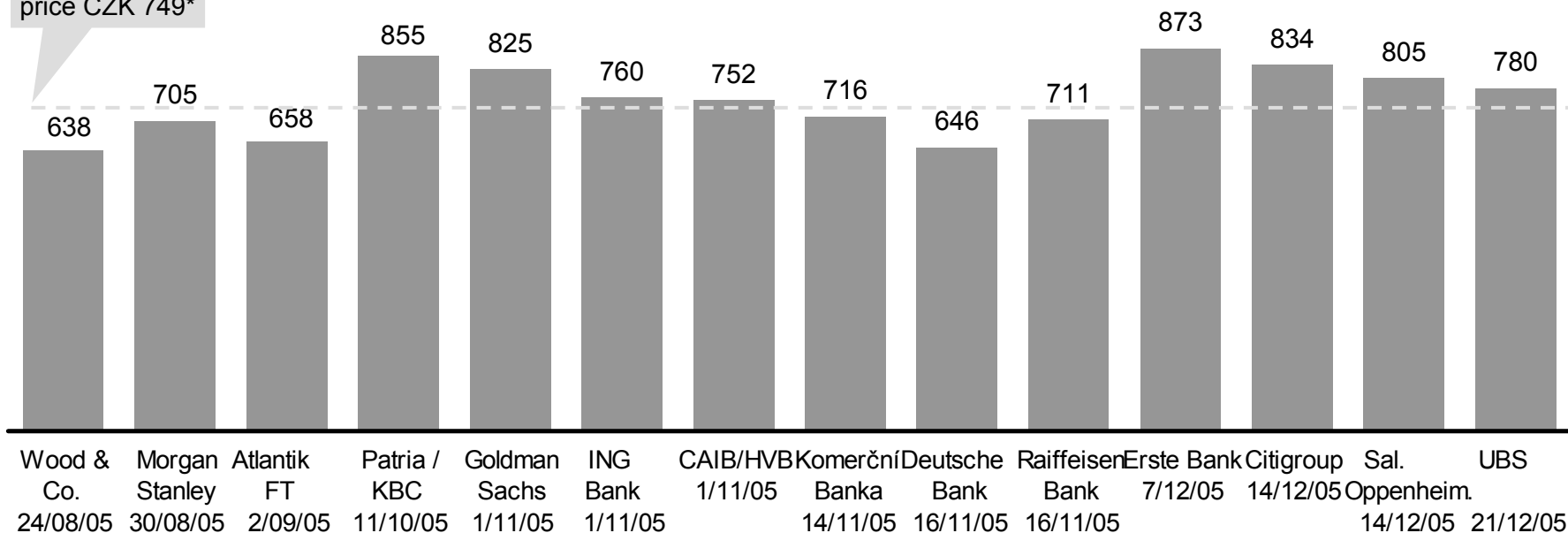


ANALYSTS MAINTAIN POSITIVE VIEW ON CEZ GROUP PERFORMANCE

Target share price

CZK

Current share price CZK 749*



Recommendation:



Initiated coverage
by utilities analysts

* January 4th, 2006

Note: Some of the analysts use different rating for recommendations and/or apply different meaning to target price

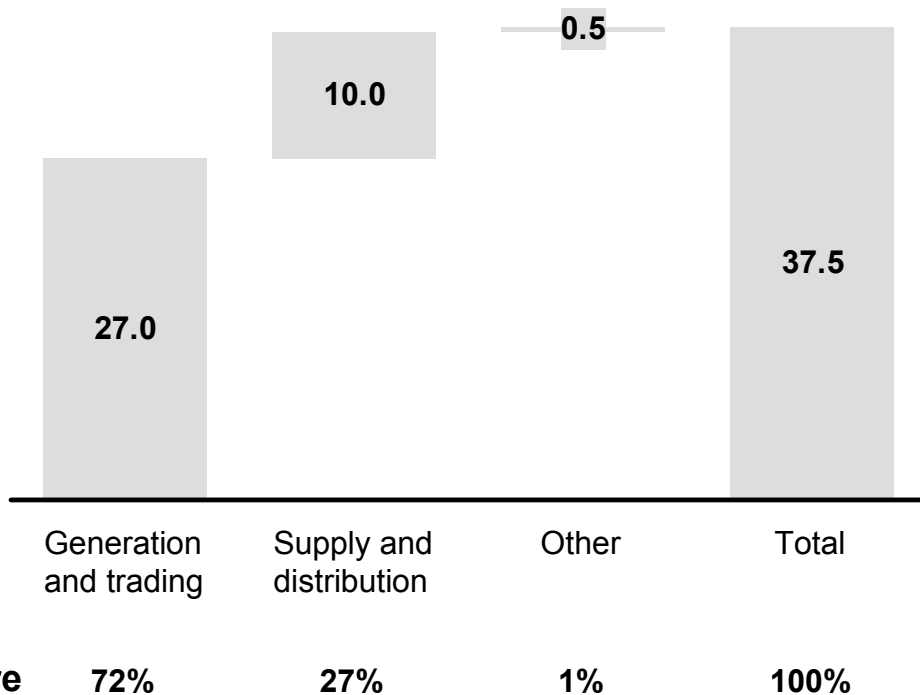
Source: Analyst reports



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

Contribution of various segments to consolidated EBITDA (2004)

CZK billion



Relative share
Percent

EBITDA Growth drivers

■ Generation and trading

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

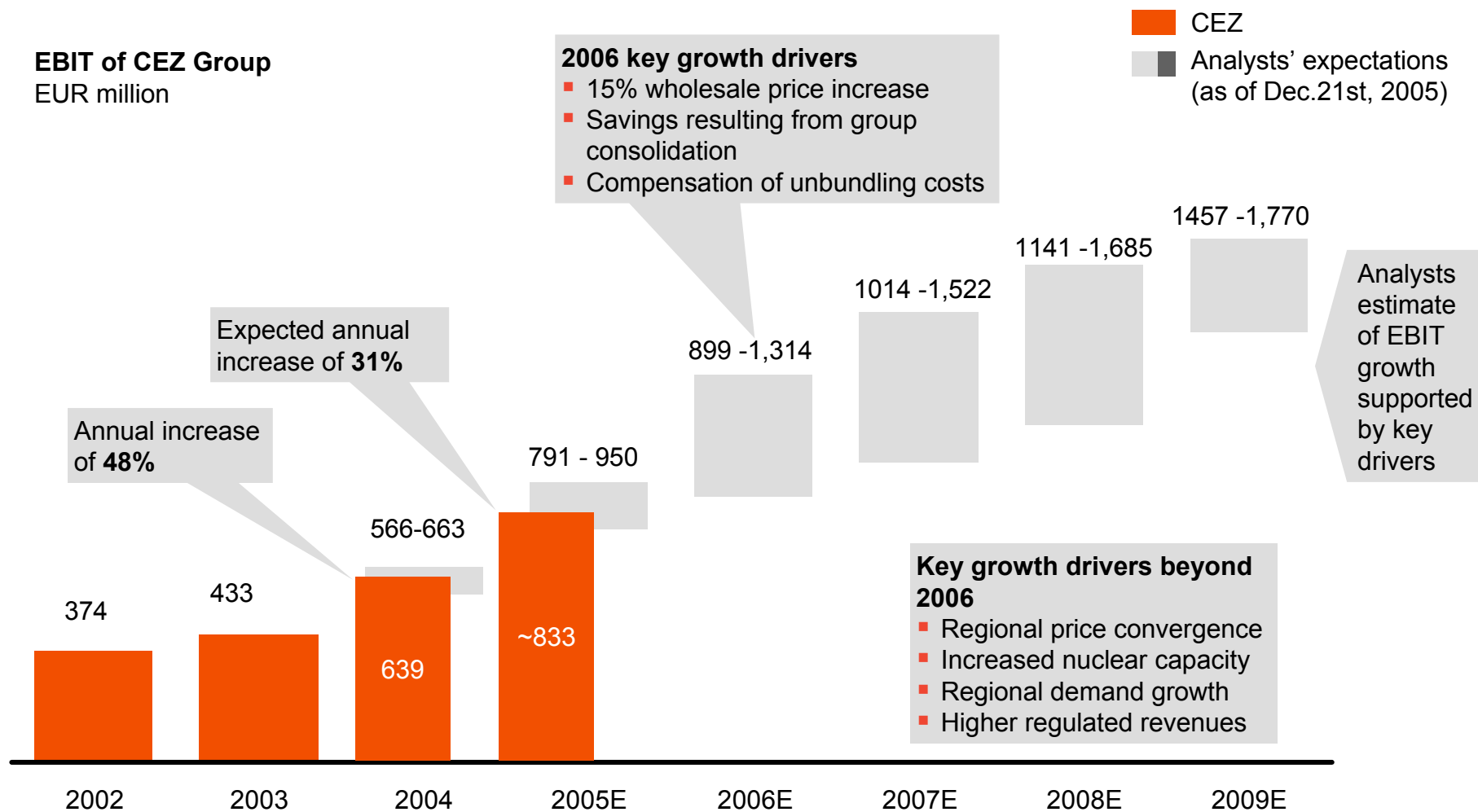
■ Supply and distribution

- Improvement in supply margin
- Cost cuttings
- Favourable regulation of distribution
- Inclusion of Bulgarian and Romanian distributors



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

EBIT of CEZ Group EUR million



Note: Exchange rate CZK/EUR = 30

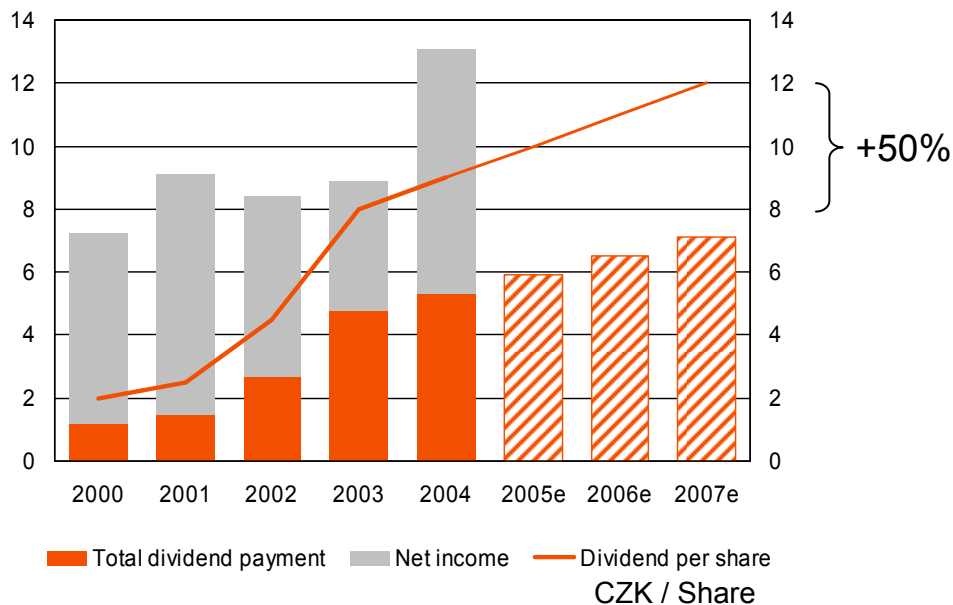
Source: Analyst reports



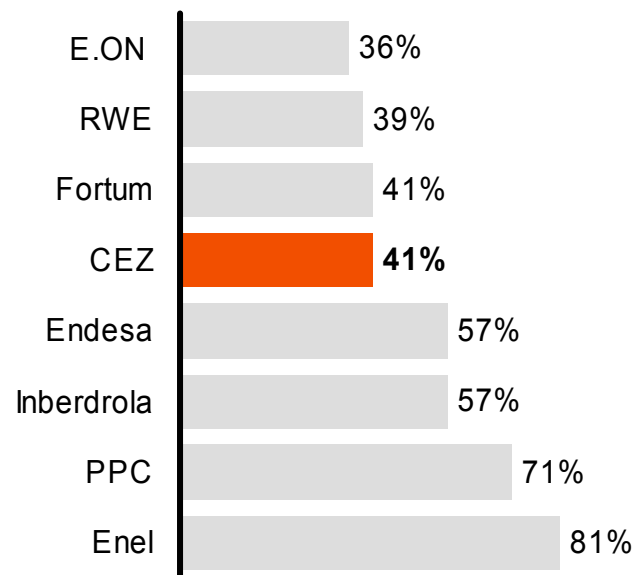
CEZ DIVIDEND POLICY TARGETS 50% DIVIDEND INCREASE BY 2007 (COMPARED TO 2003)

Net income and dividends (IFRS, consolidated)

CZK billion



Dividend payout ratio Percent

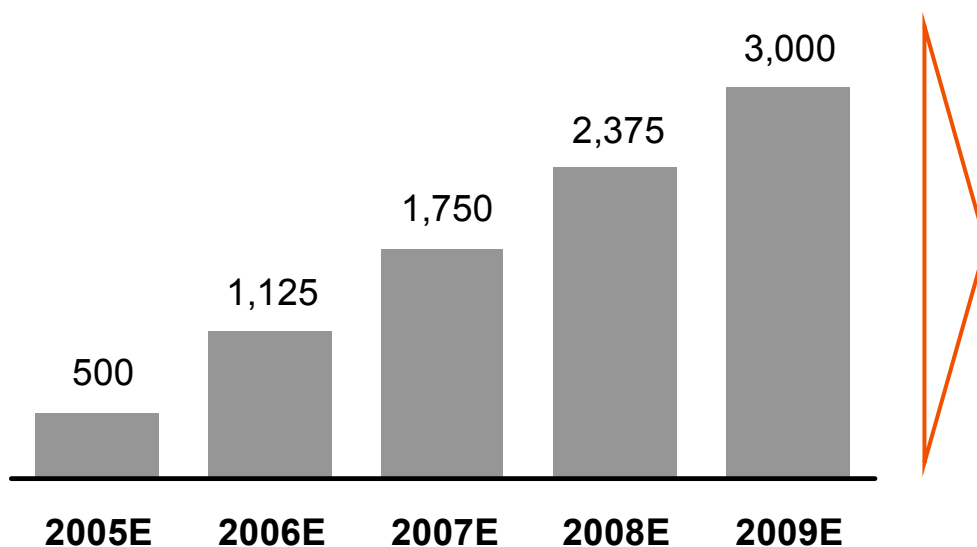


- CEZ pay-out ratio is in the range of its peers
- If no suitable and rightly priced acquisitions possible distribution to shareholders will increase



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

Free cash flow of CEZ Group (cumulative)
EUR million

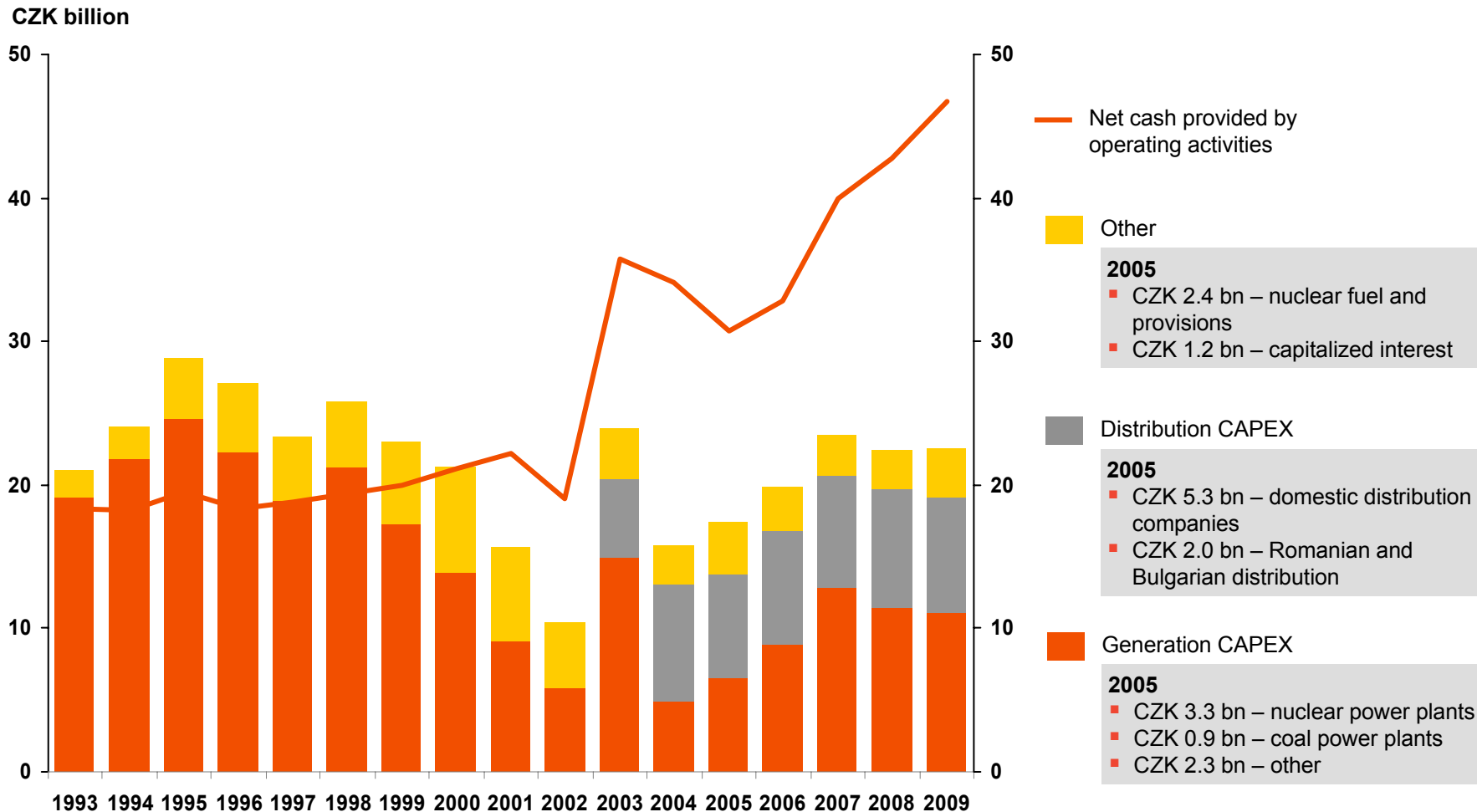


CEZ Group can finance foreign acquisitions in the next 3-5 years from free cash flow up to EUR 3,000 million without impacting

- Dividend payments
- Budgeted CAPEX
- Level of debt



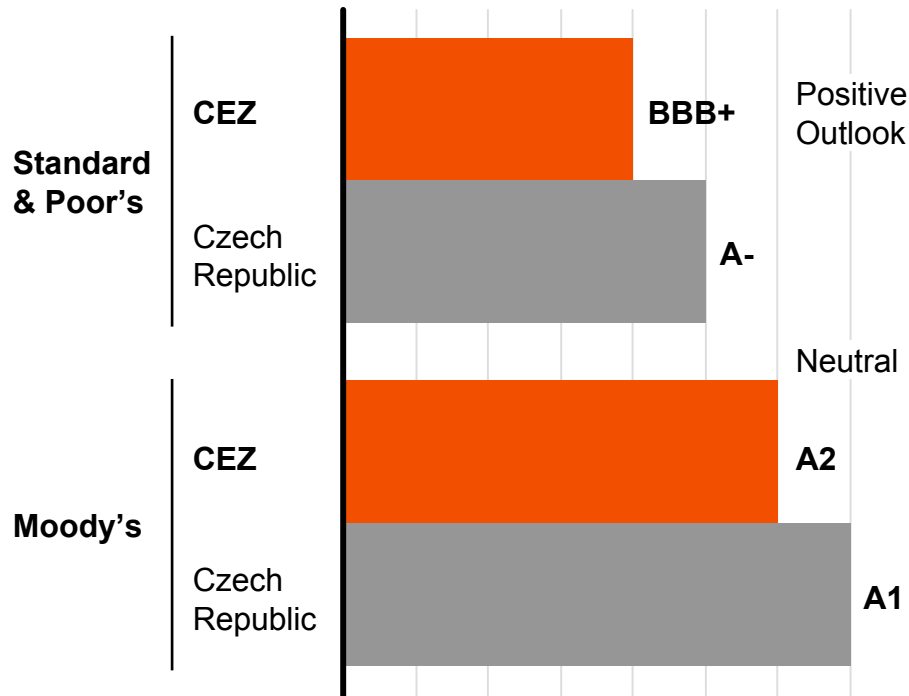
CEZ GROUP GENERATES LARGE OPERATING CASH-FLOW IN EXCESS OF INVESTMENT NEEDS





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

Credit rating of CEZ and Czech Republic



- CEZ has high credit rating just below the country risk
- CEZ has been first rated company in former Eastern Europe

CEZ bonds

Year	Amount Million	Currency	Placement	Repayment
Matured				
1993	2,100	CZK	Prague	1996
1994	4,000	CZK	Prague	1999
	150	USD	Luxembourg	1999
1995	4,000	CZK	Prague	2000
1996	3,000	CZK	Prague	1999
	3,000	CZK	Prague	2003
1999	3,000	CZK	Prague	2004
Outstanding				
1997	200	USD	USA	2007
1999	4,500	CZK	Prague	2009
	2,500	CZK	Prague	2014
	200	EUR	Luxembourg	2006
2003	3,000	CZK	Prague	2008
2004	400	EUR	Luxembourg	2011

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

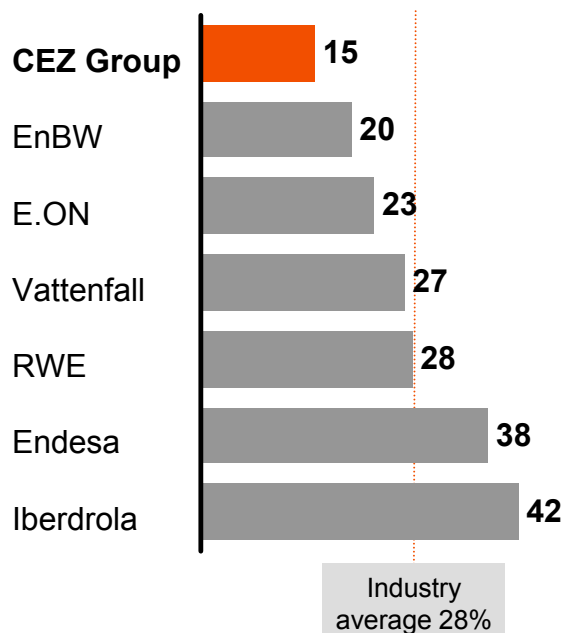


CEZ GROUP IS THE LEAST INDEBTED UTILITY IN EUROPE WITH STRONG ADDITIONAL BORROWING CAPACITY

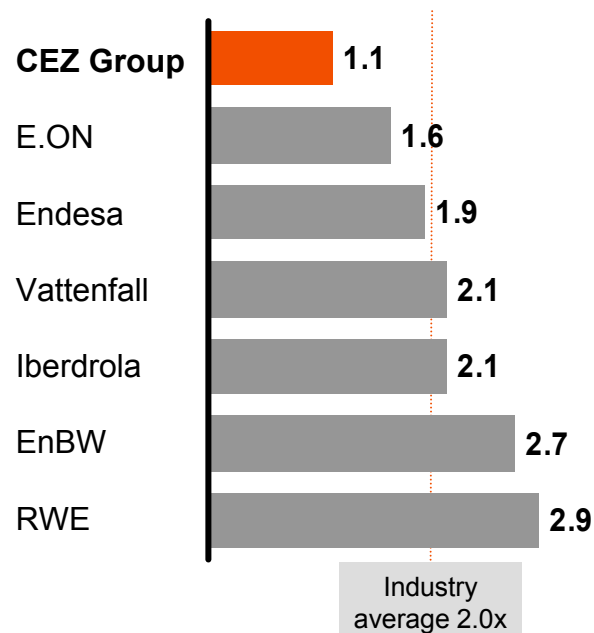
Additional borrowing capacity equals EUR 2.3 billion by 2009

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

Long-term debt/Total assets Percent



Debt/ EBITDA Multiple

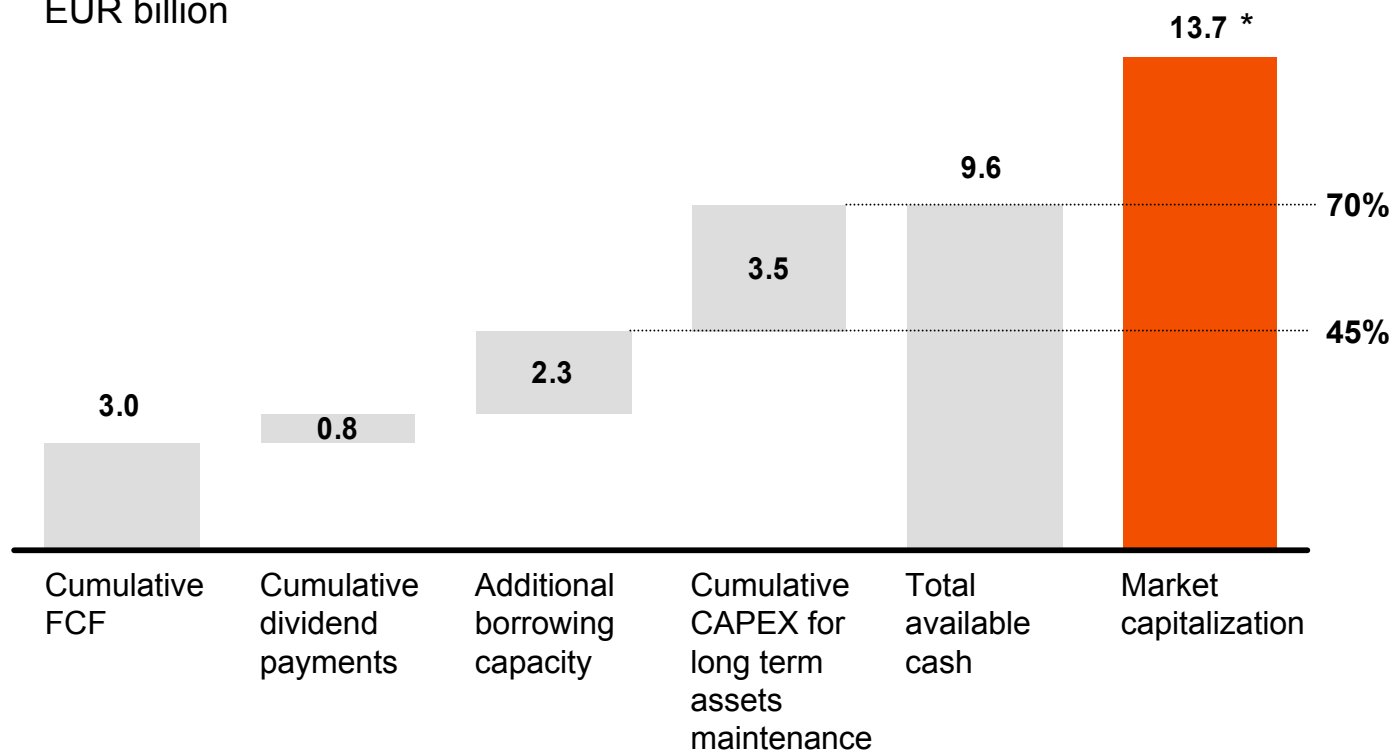




CASH FLOW GENERATED BY CEZ IN 2005-09 EQUALS ALMOST 70% OF ITS CURRENT MARKET CAPITALIZATION

Cash flow generation 2005-09

EUR billion



■ Market cap almost covered by cash in next 5 years

If value increasing acquisition opportunities not secured in assumed amount distribution to shareholders will increase (dividends, share buy-back)

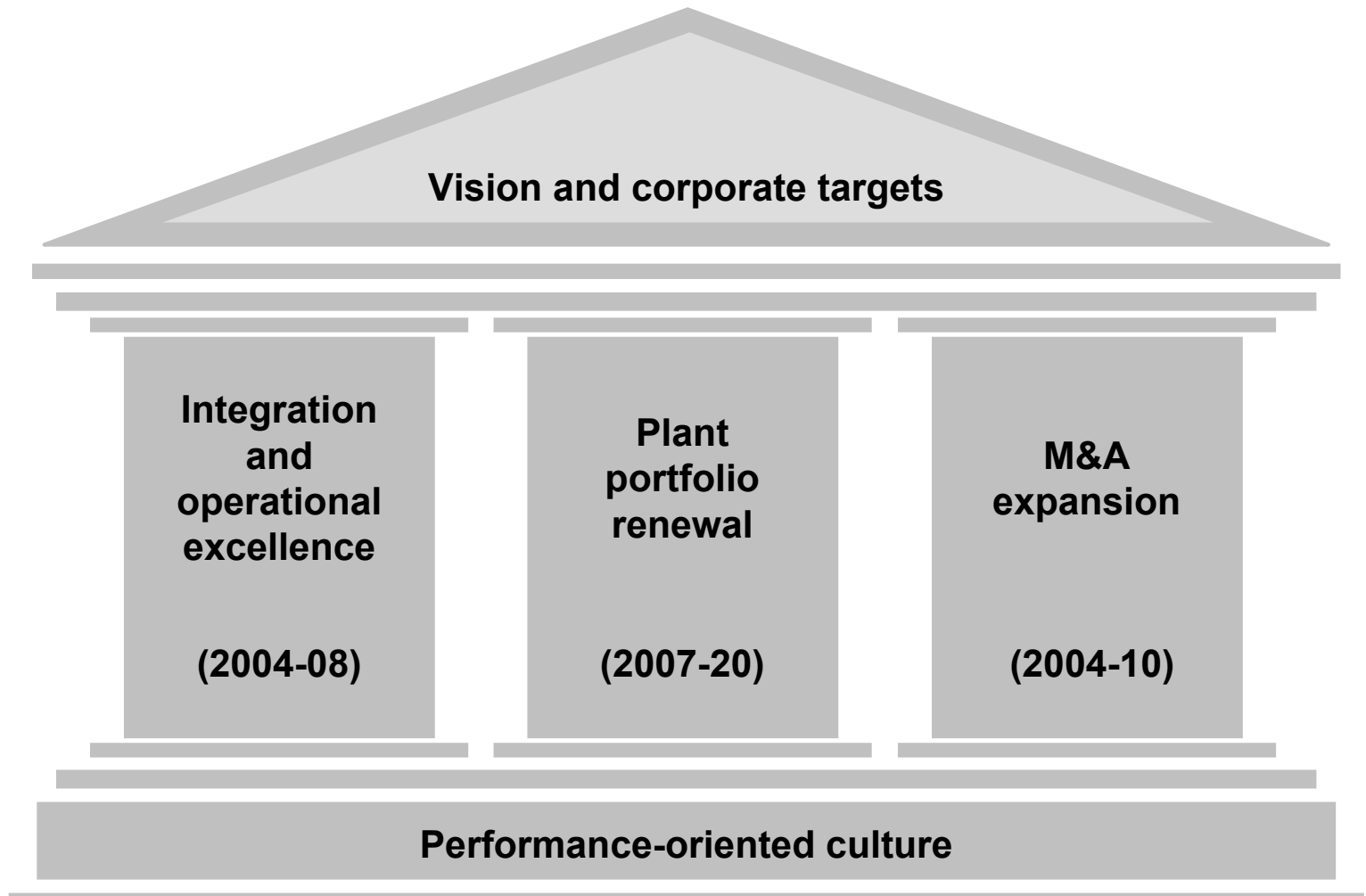


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CEZ GROUP HAS LAUNCHED FOUR KEY STRATEGIC INITIATIVES





PERFORMANCE ORIENTED CULTURE IS A PRECONDITION FOR ALL OTHER INITIATIVES



Implementation program

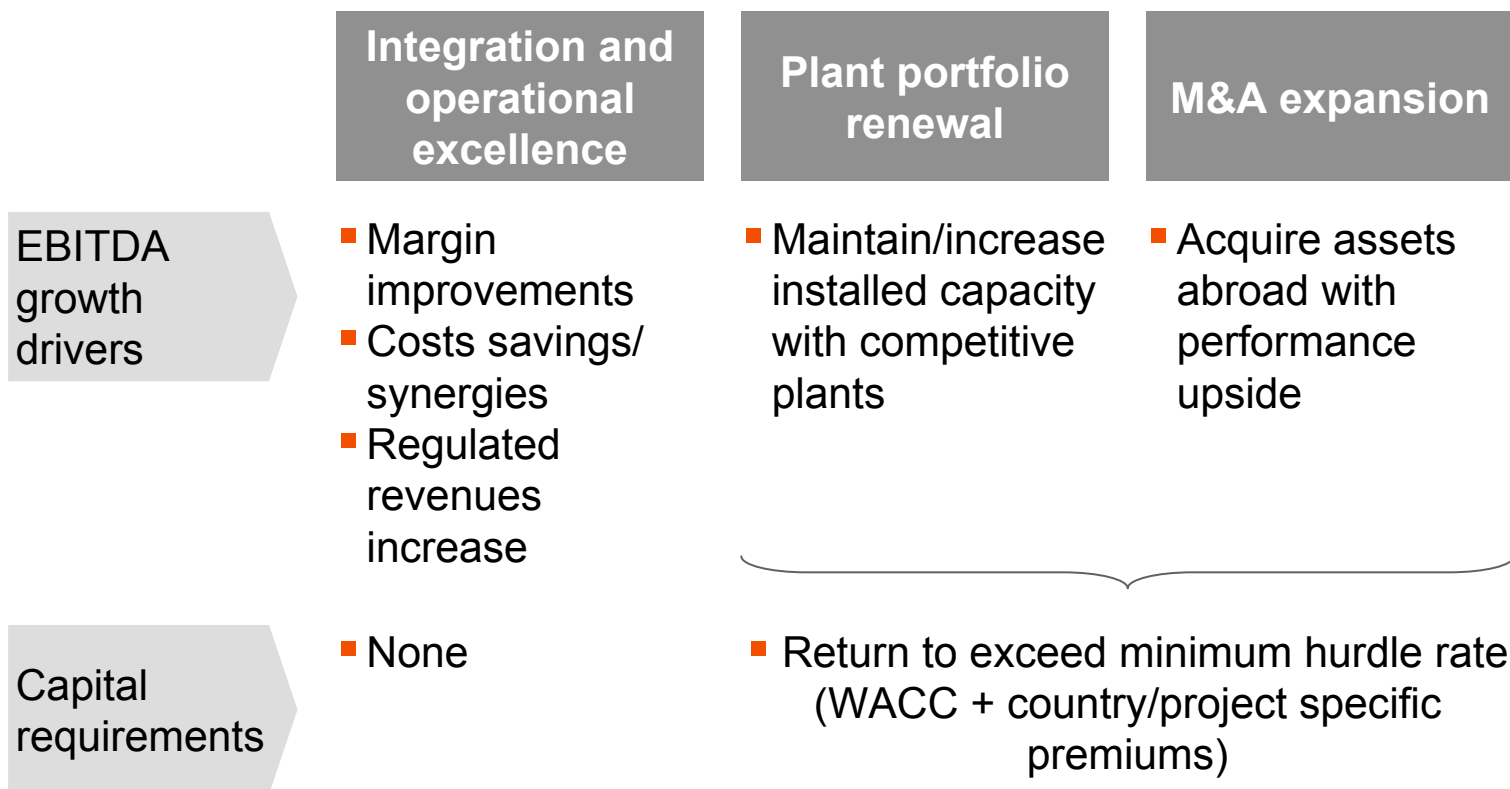
- Top and middle management meetings/ workshops
- Employee meetings
- Corporate magazine and intranet
- New hires
- Job rotations
- Performance reviews

7 principles of CEZ performance-oriented culture

1. **Value creation** is the top priority
2. **Individual responsibility** for reaching ambitious goals/results
3. **Building ties** across the Group
4. Developing **human potential**
5. Creating **international organization**
6. Accepting **continuous change**
7. Enforcing **integrity**



STRATEGIC INITIATIVES TARGET VALUE ENHANCEMENT





AGENDA

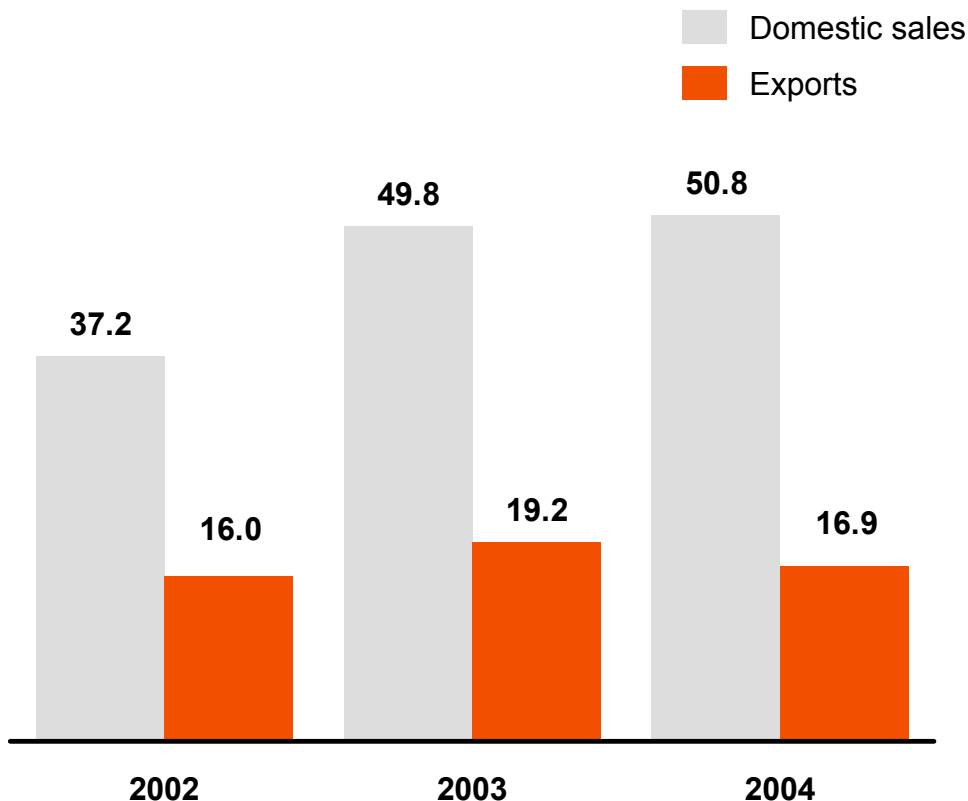
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MARKET FACTORS DRIVE CEZ'S ATTENTION TO DOMESTIC MARKET



Development of CEZ Group sales TWh



Key drivers

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

* Excluding Bulgarian and Romanian distribution companies

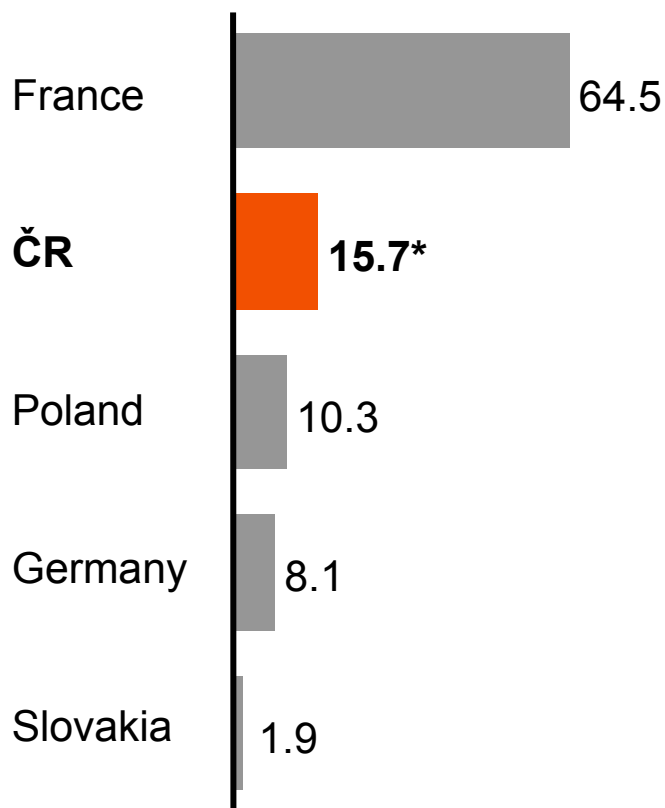


CEZ GROUP IS SECOND LARGEST EXPORTER OF POWER IN EUROPE, PROVIDING POWER TO CENTRAL EUROPEAN COUNTRIES

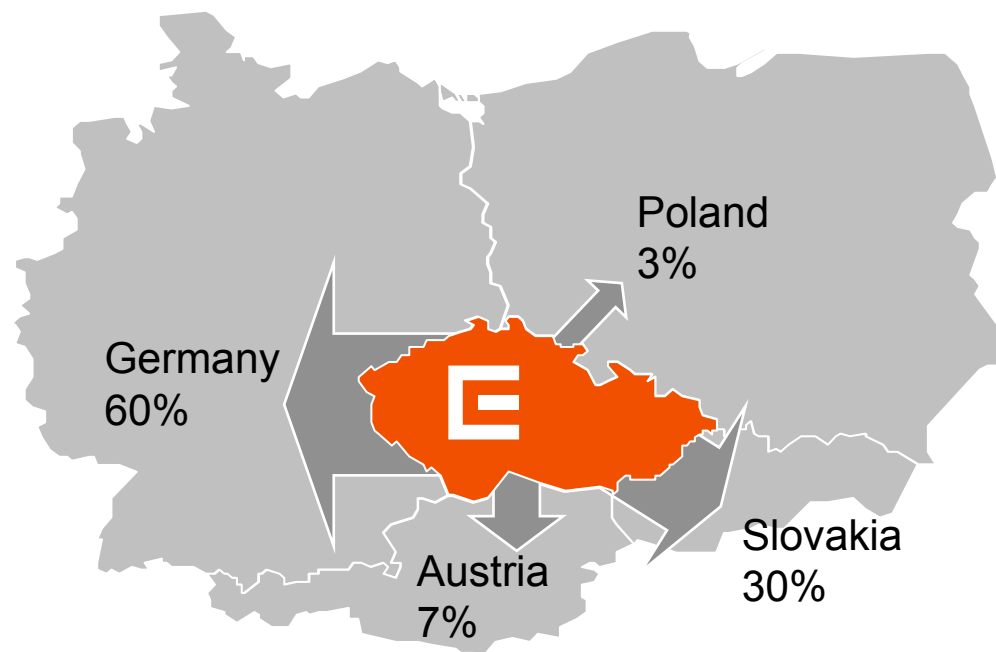


Net exports in 2004

TWh



Structure of CEZ exports in 2004



Diversification of target export markets from initial focus on Germany

* CEZ Group exported 16.9 TWh

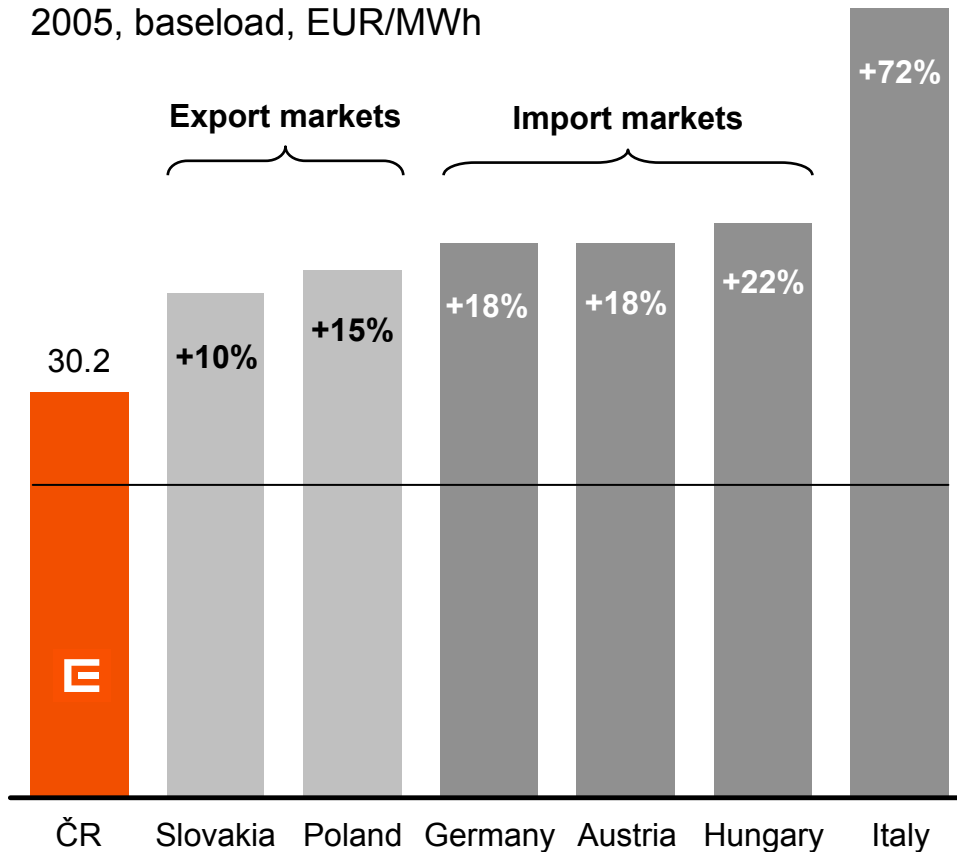


WHOLESALE PRICES OFFERED BY CEZ ARE THE LOWEST IN THE REGION



Wholesale power price*

2005, baseload, EUR/MWh



Existing pricing

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



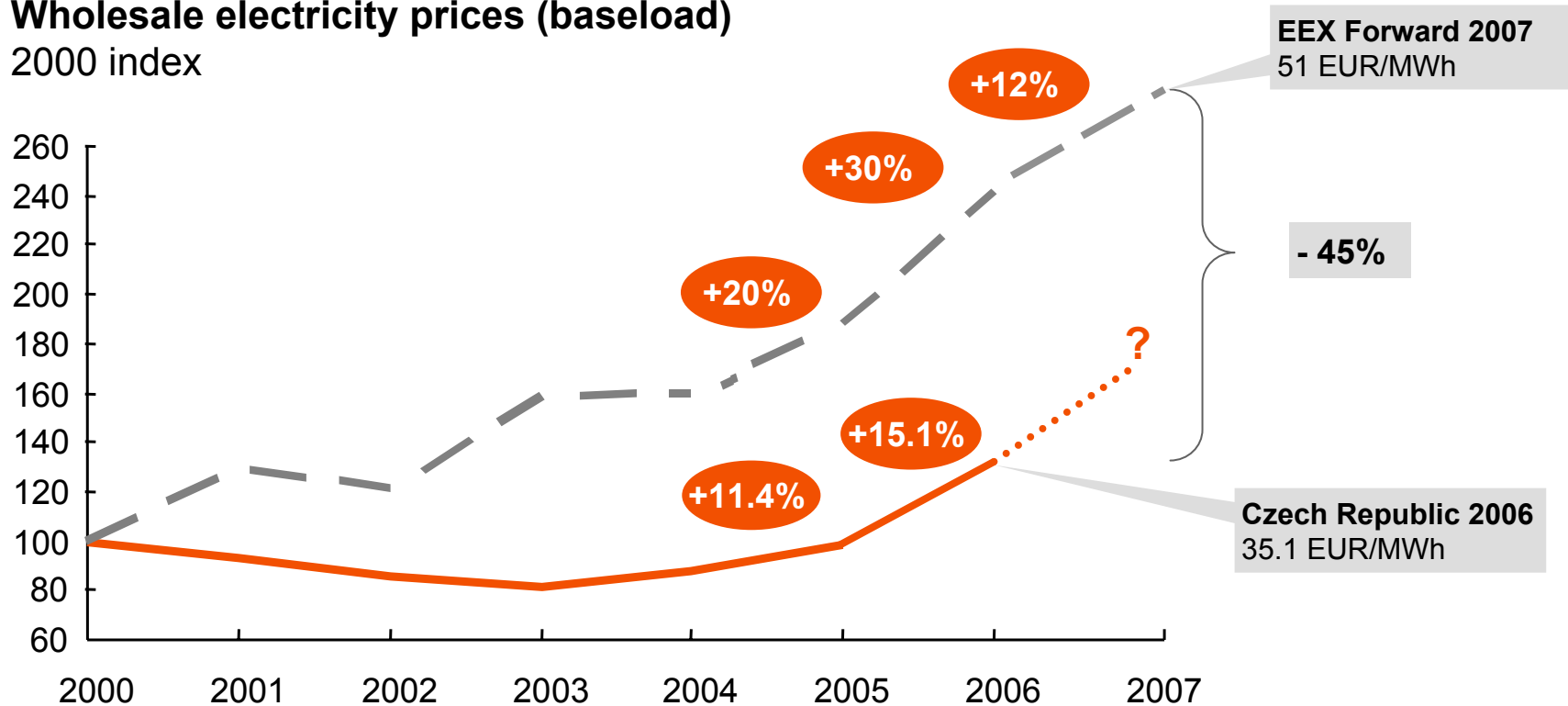
* Comparing 2005 forward price as of September 2004



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

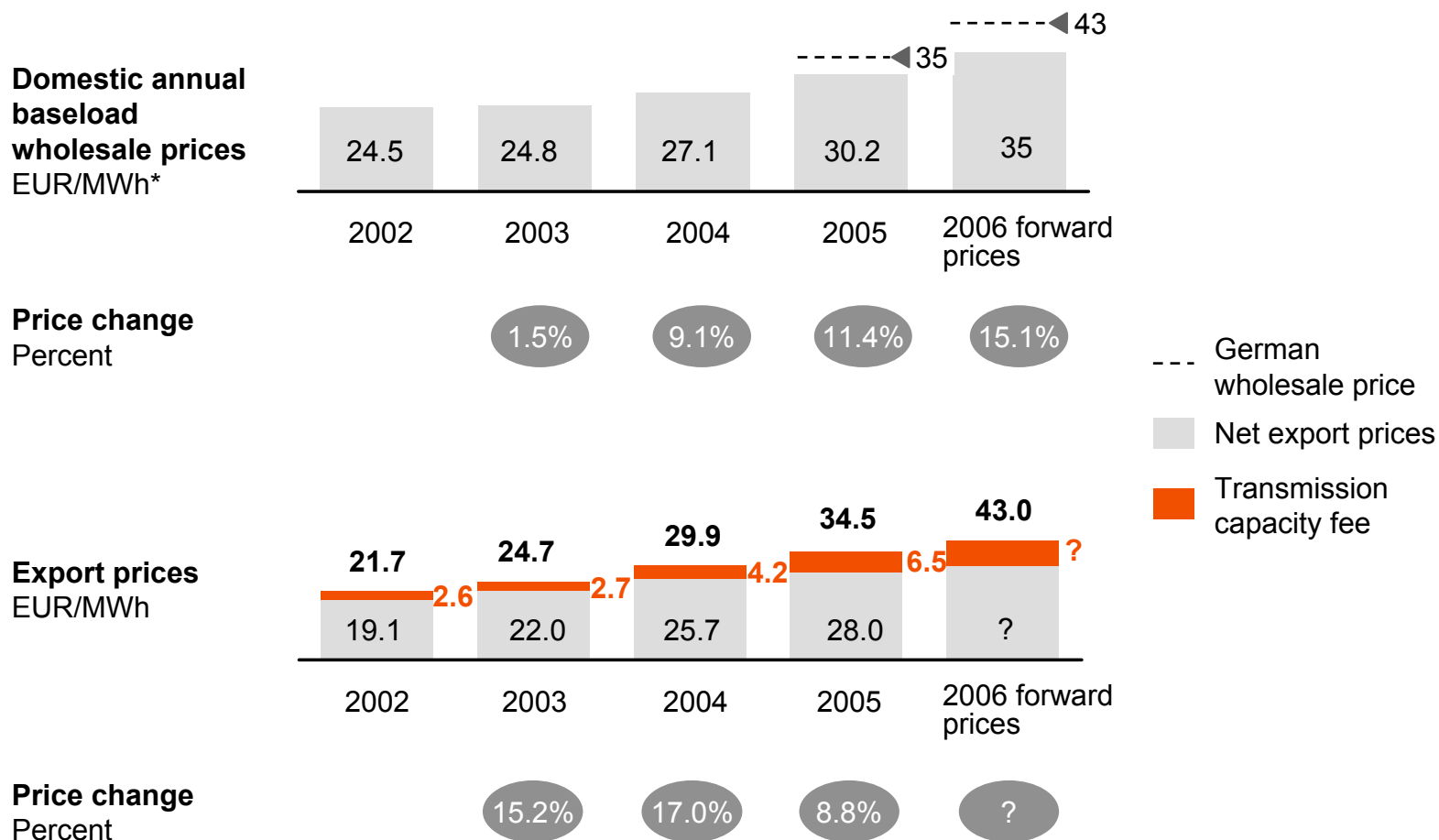


Wholesale electricity prices (baseload)
2000 index





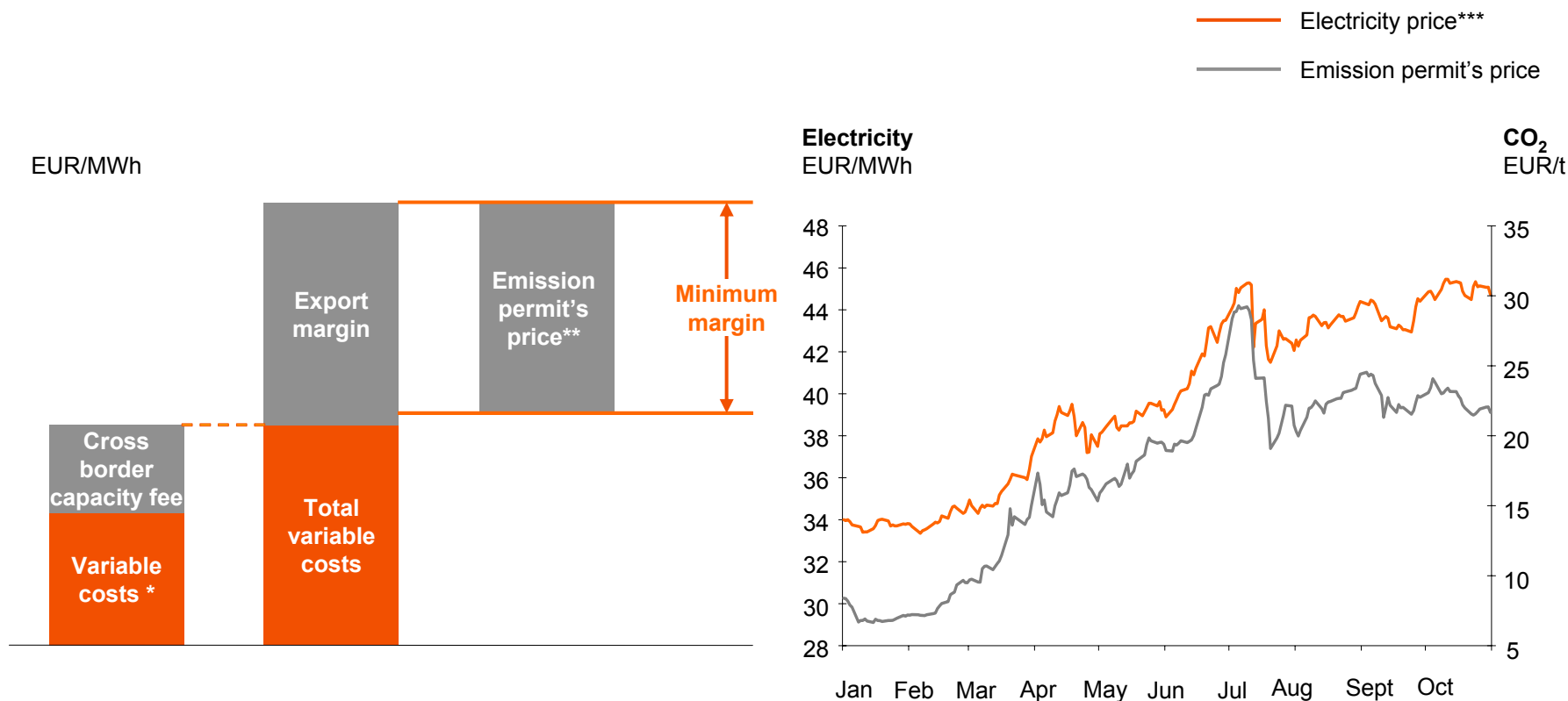
DOMESTIC AND EXPORT PRICES ARE CONVERGING TO INTERNATIONAL LEVELS



* Exchange rate CZK/EUR = 30



CO2 EMISSION PERMITS HELP CEZ TO HEDGE ITS EXPORTS



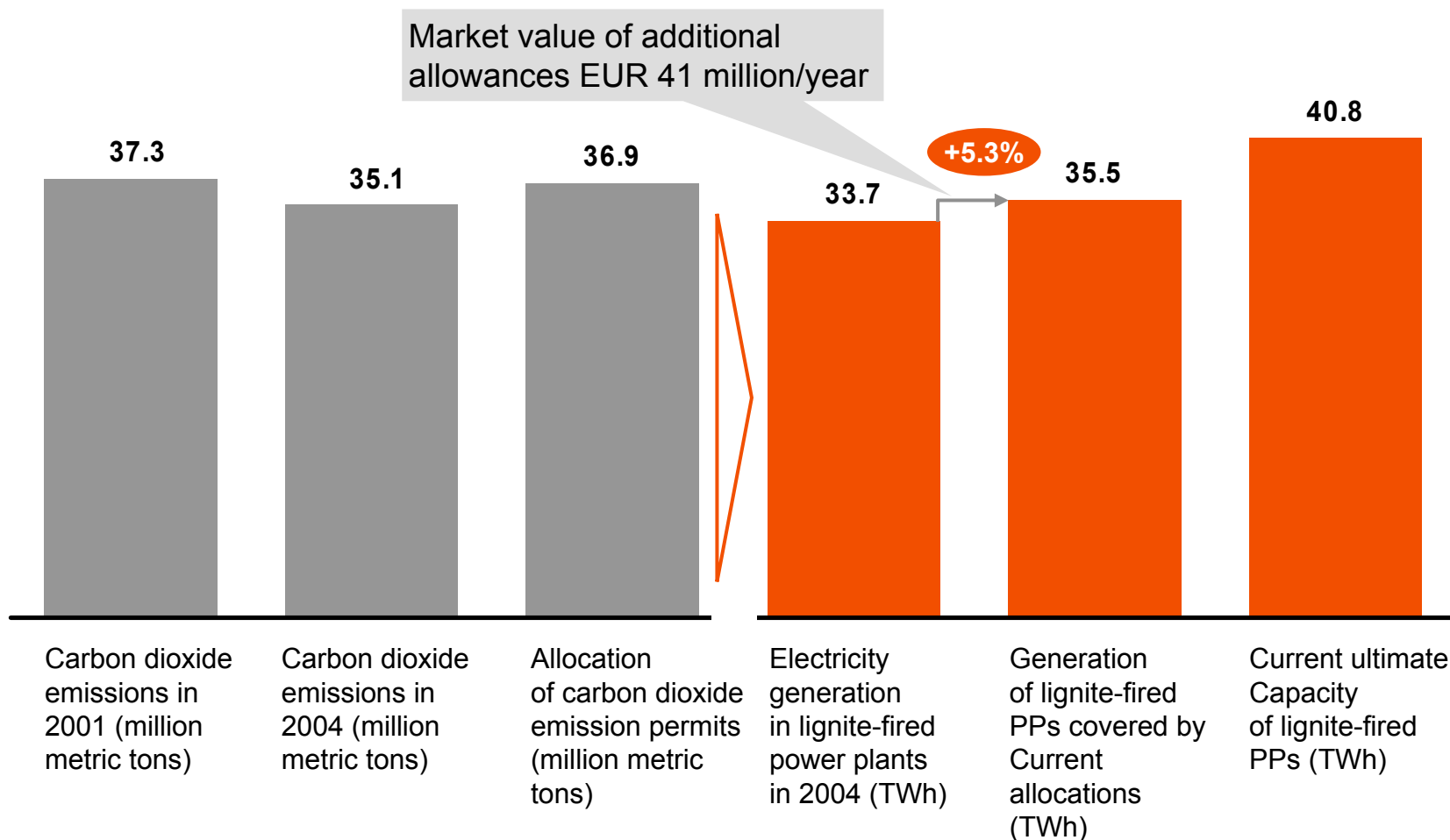
* Coal-fired power plants

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

*** 2006 baseload future traded at EEX



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

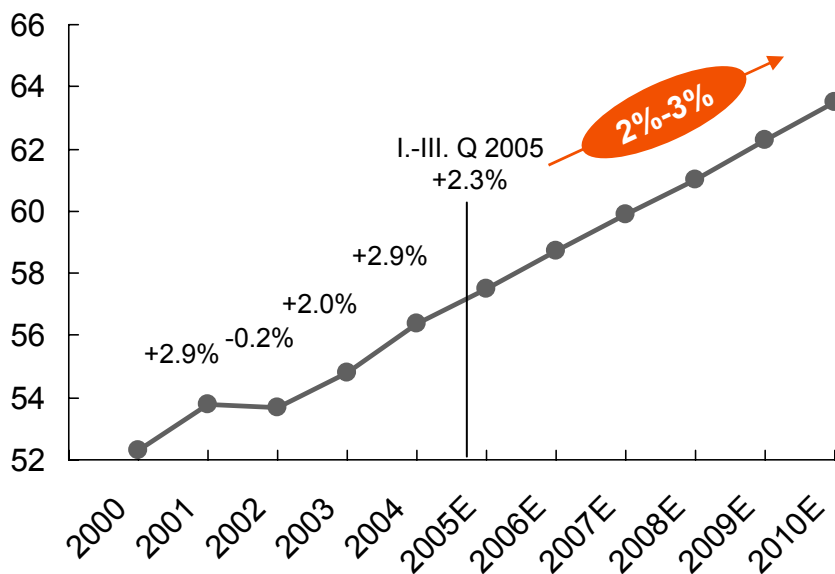




GOING FORWARD, CEZ GROUP WILL BENEFIT FROM FAST GROWING DEMAND AND FORCED SHUT DOWN OF OLD PLANTS



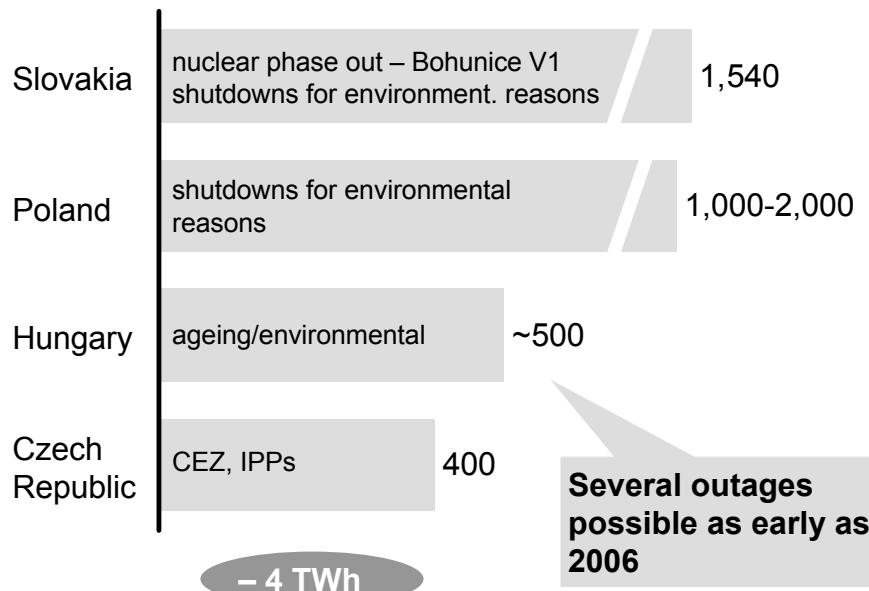
Power consumption in the Czech Republic
TWh



**Change in Central
in 2004-08**

+ 8 TWh

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



- 4 TWh

**Several outages
possible as early as
2006**

- Lower pressure on export profiles to Germany/Austria
- Price convergence to one level across Central Europe



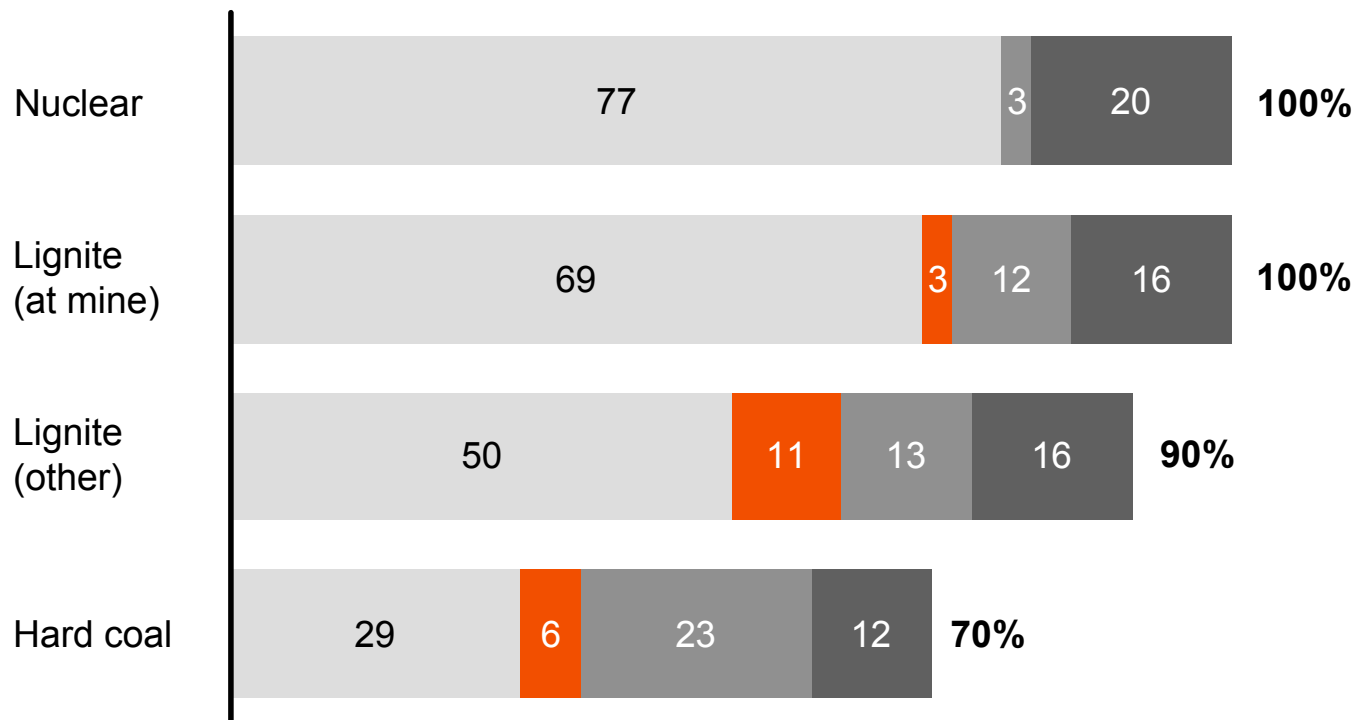
ADDITIONAL 8.0 TWh CAN BE GENERATED BY INCREASING UTILIZATION OF NUCLEAR AND COAL PLANTS



Time utilization of generation capacity

Percent of hours p.a.

- Current utilization
- Auxiliary services
- Reserve for higher utilization
- Overhauls, outages



Higher sales opportunity due to

- Improved utilization of mainly lignite plants – potential of additional 8.0 TWh sales (14% of CEZ generation volume)
- Additionally nuclear capacity could be extended by ~5% representing ~1.2 TWh



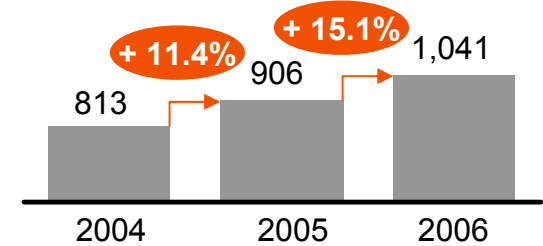
CEZ GROUP INCREASED SALES MARGIN WHILE MAINTAINING MARKET SHARE



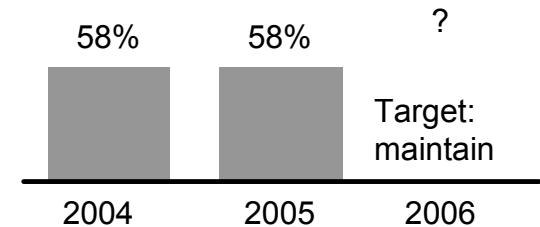
Distribution regions of CEZ Group



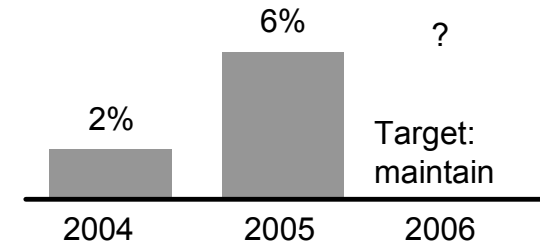
Domestic wholesale baseload CZK/MWh



Market share in power retail Percent of MWh

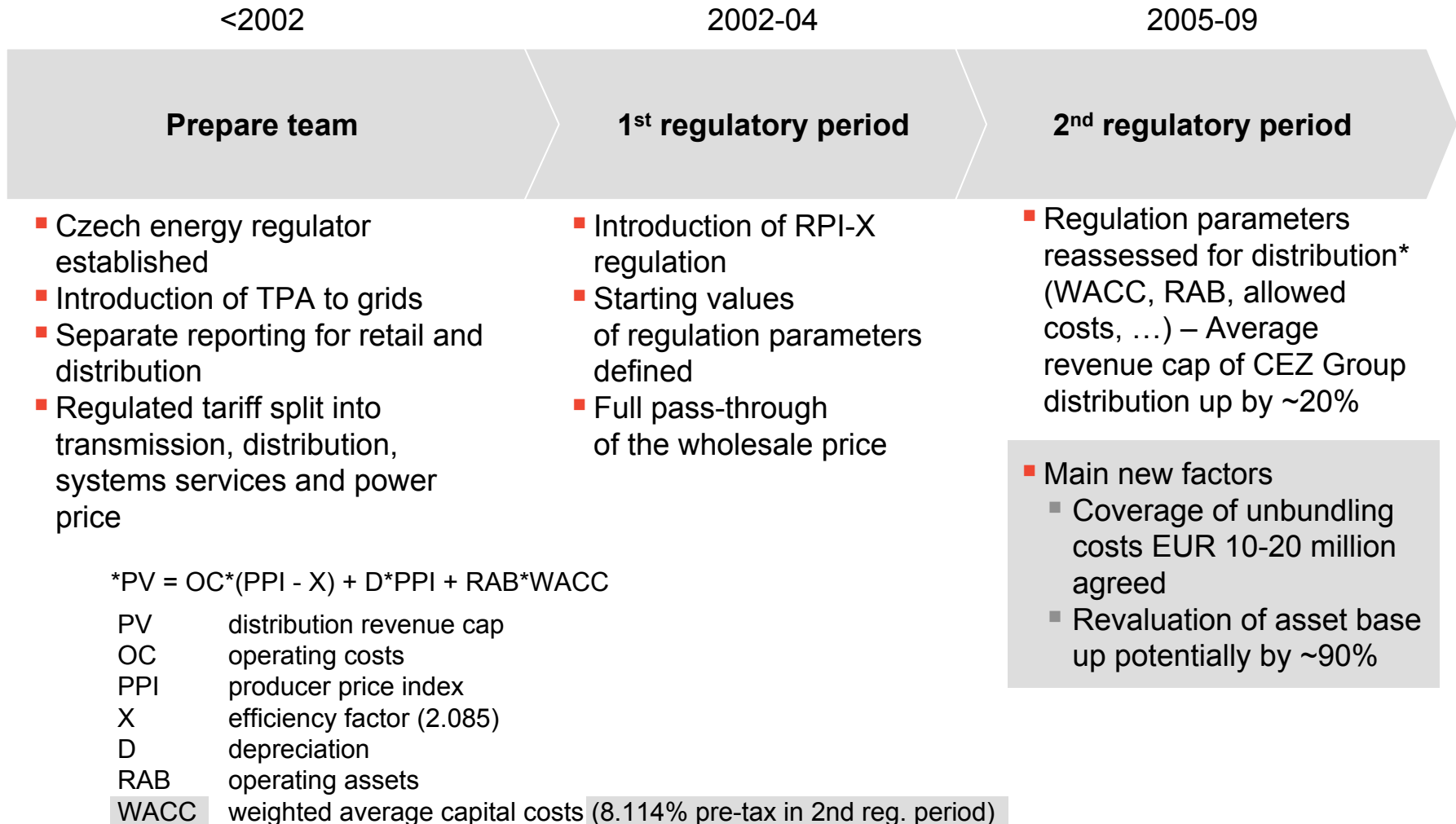


Average net supply margin Percent



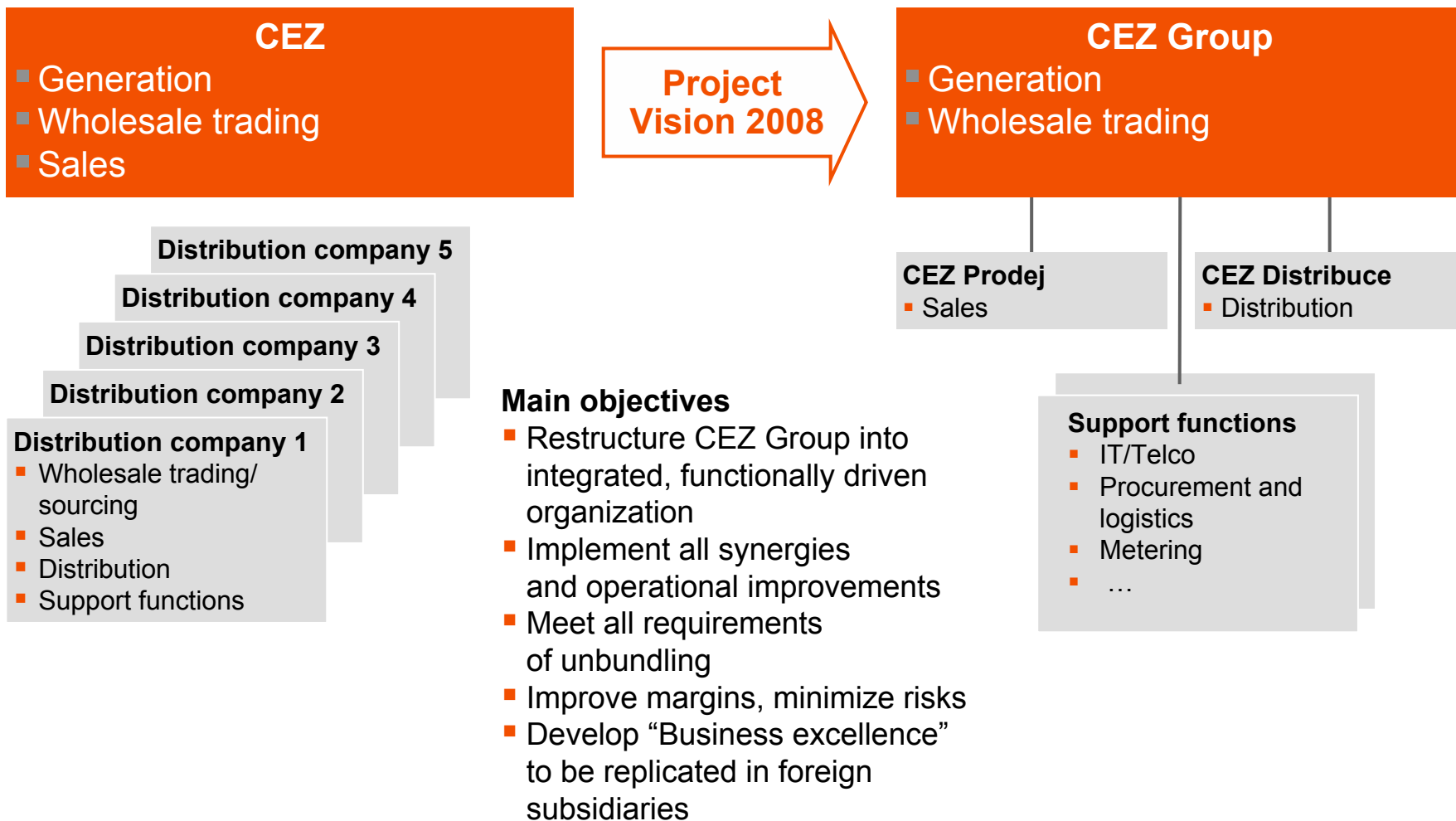


REGULATORY ENVIRONMENT IN THE CZECH REPUBLIC IS FAIR AND TRANSPARENT





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

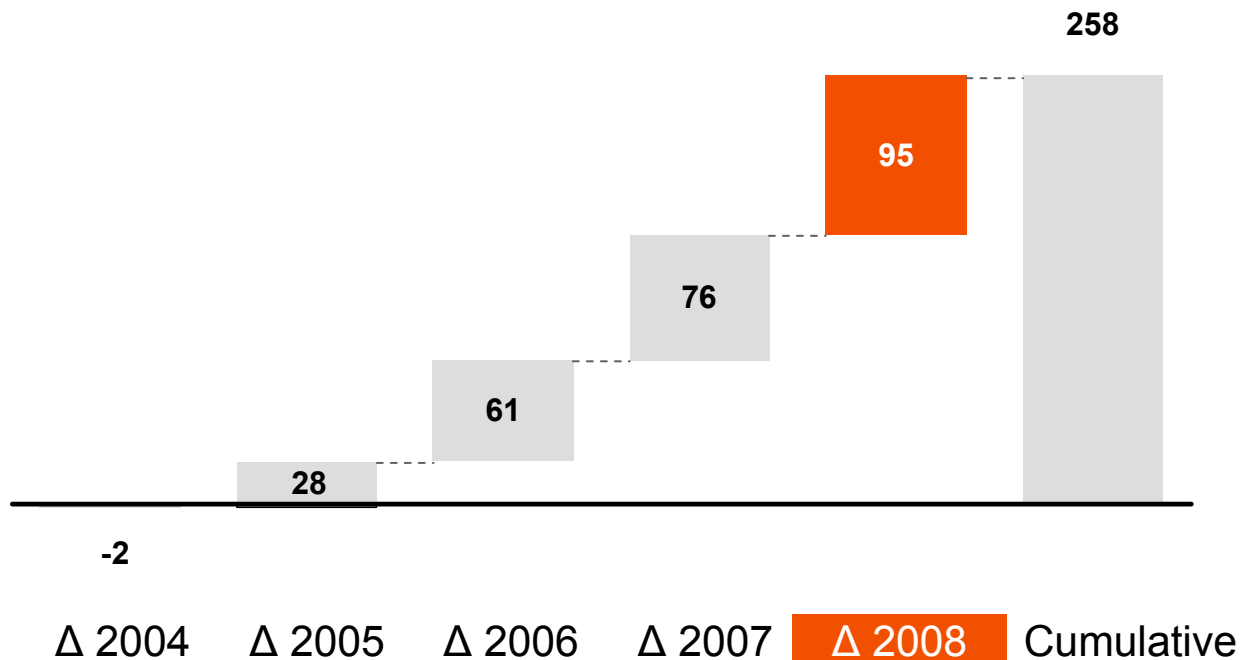




... AND ACHIEVE ALMOST EUR 100 MILLION IN ANNUAL SAVINGS



Gross costs saving* in 2004-08 EUR million



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

Key contributions

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

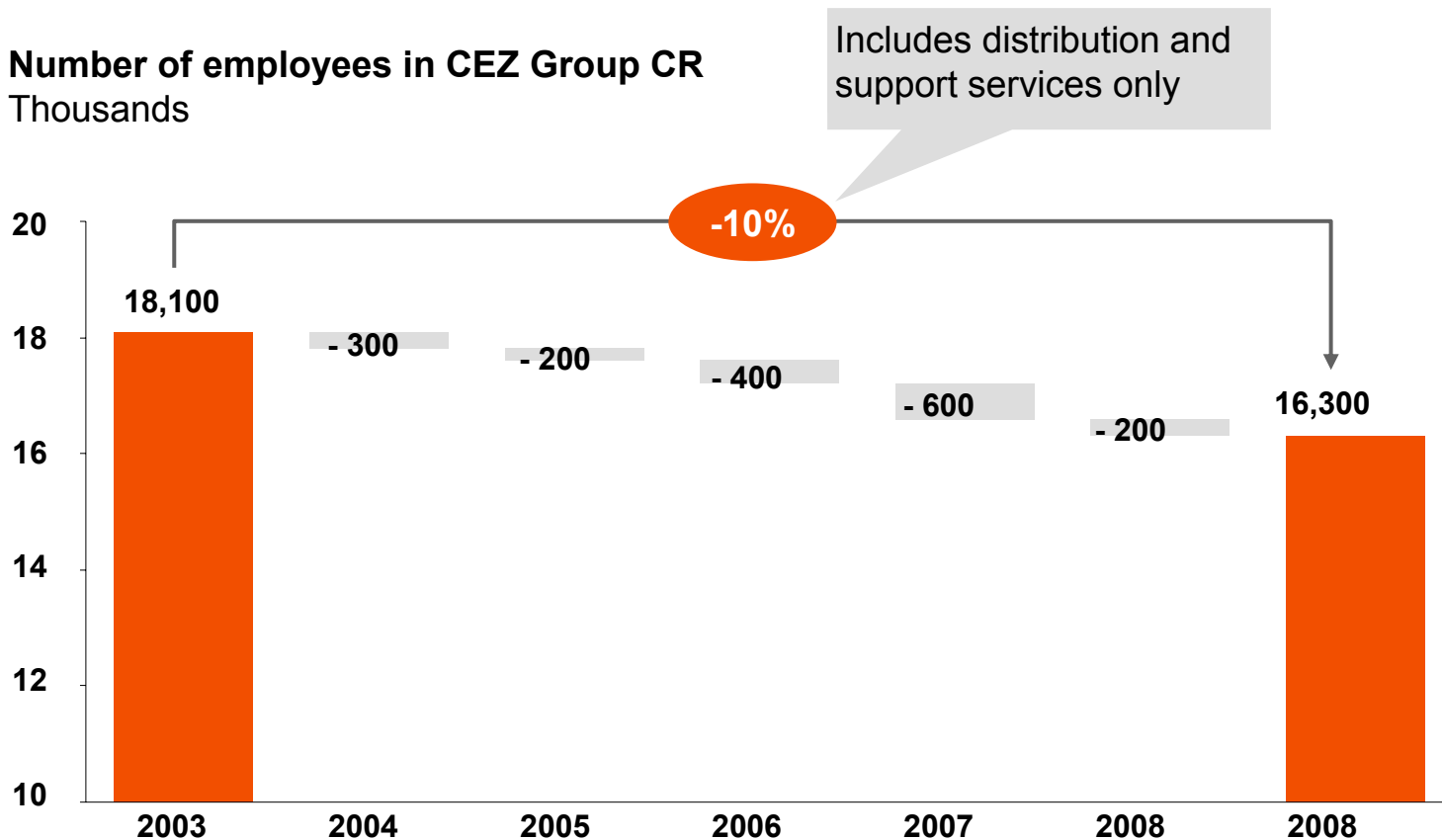
* Costs savings compared to 2003



NUMBER OF EMPLOYEES WILL DECLINE BY 1,800 BY 2008



Number of employees in CEZ Group CR
Thousands

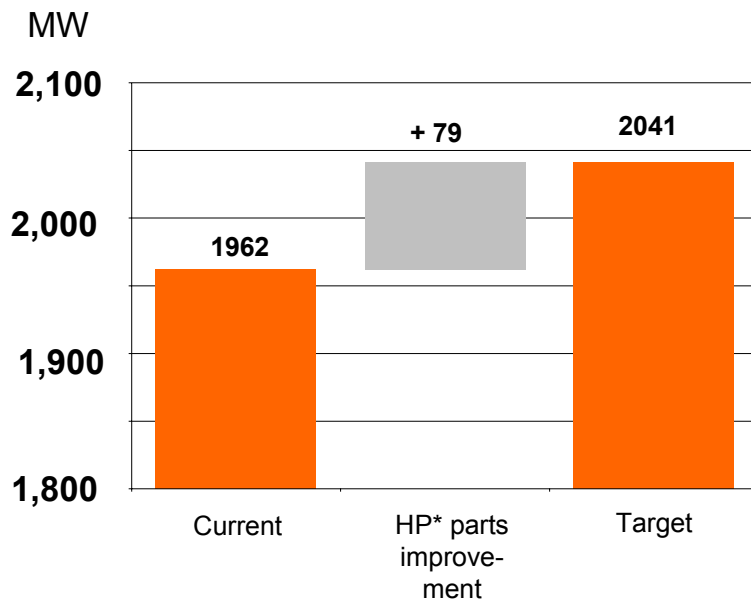




TARGETED CAPACITY INCREASE IN DUKOVANY NUCLEAR POWER PLANT IS 9.5% BY 2012 AND IN TEMELIN 4%



Temelin target capacity increase - from 1962 MW to 2041 MW in 2007

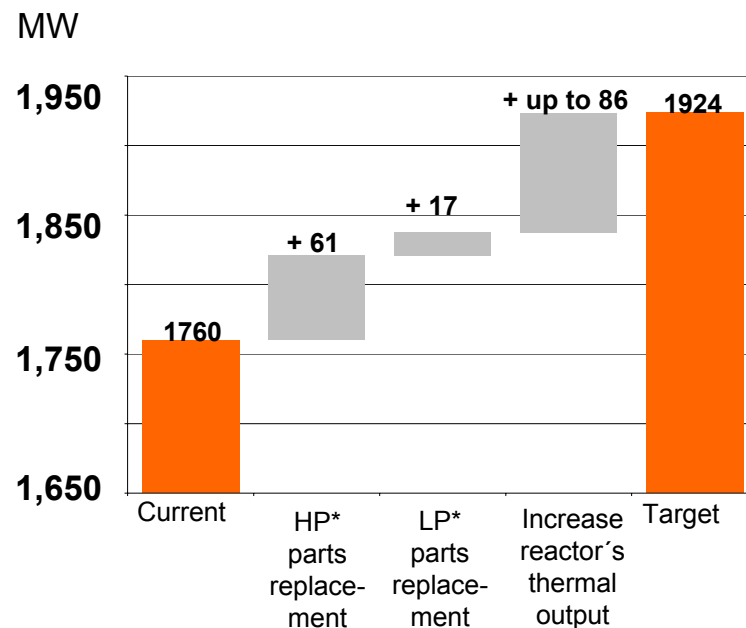


- Project in contracting phase

* HP – High Pressure, LP – Low Pressure

** Increase by 15.5 MW; nominal output at time of measurement at 444 MW

Dukovany target capacity increase from 1760 MW to ~ 1924 MW by 2012



- First project already implemented and running
 - Replacement of low pressure part in Unit 3 turbine during fuel replacement in 2005
 - **Current capacity Unit 3 - 460 MW****
- Full project in implementation, most tasks contracted

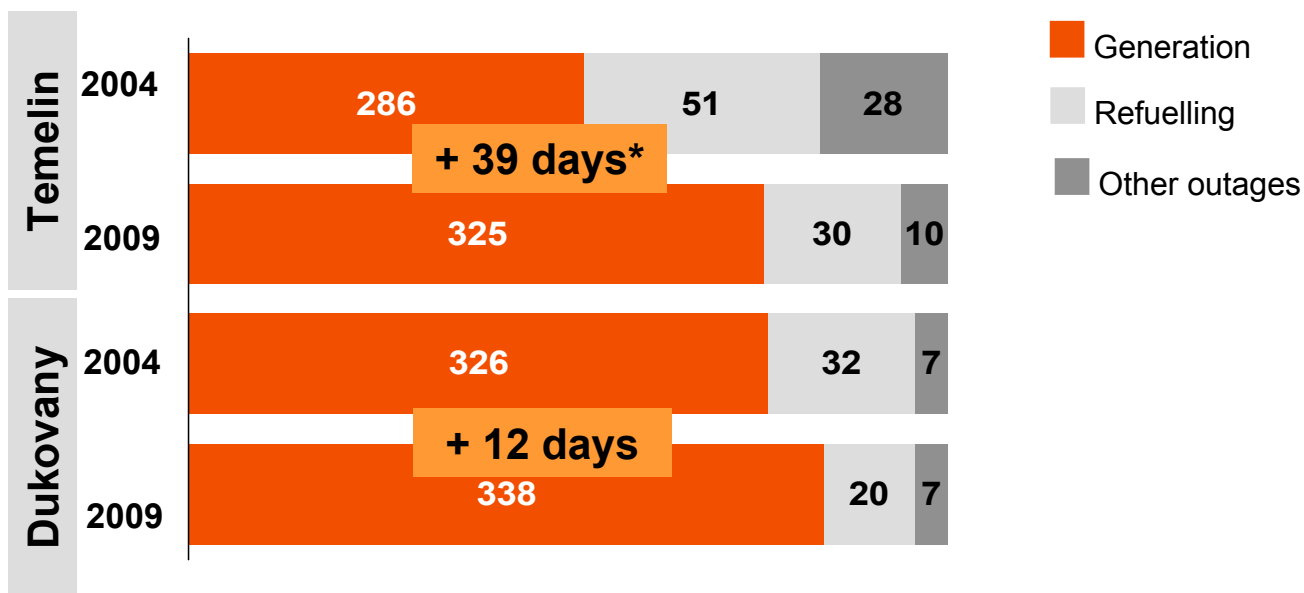


BASED ON BENCHMARKING STUDIES CEZ SET A GOAL OF REFUELING OUTAGES REDUCTION BY 2009



CEZ targets to add additional 20.8 days of generation in Temelin and 11.6 days in Dukovany by 2009 as a result of refuelling outages reduction

DAYS



■ Additional production of ~ 2,3 TWh (assuming current capacity)

* Increase in utilization by 38.8 days comes from 20.8 days refuelling outages reduction and 18 days other outages reduction

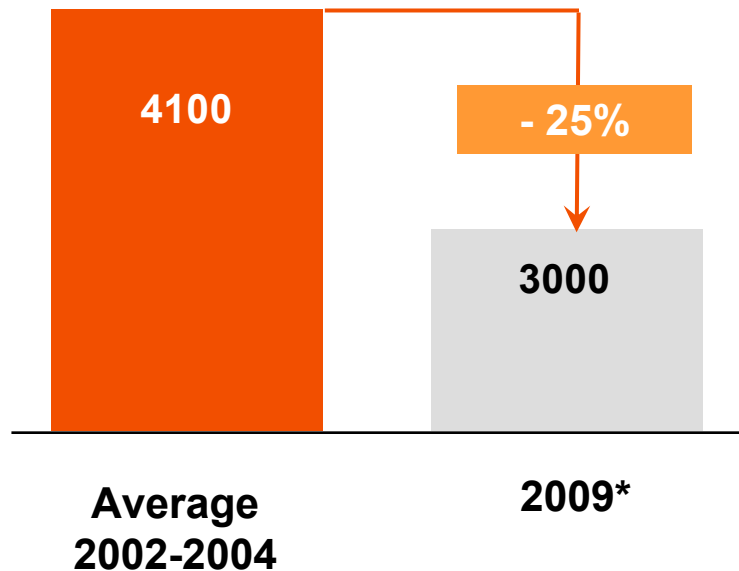


CEZ IS SET TO REDUCE ITS GENERATION REPAIRS AND MAINTENANCE COSTS BY 25% BY 2009



CEZ targets to reduce average repairs and maintenance cost by CZK 1.262 bn by 2009

CZK m, prices not adjusted for inflation



* Assuming „normalized“ R&M workload

Key tasks to achieve targeted goals

- Introduction of adaptive R&M to reduce workload by 50% (measured as Normative Hours)
- Centralization of conceptual 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



AGENDA

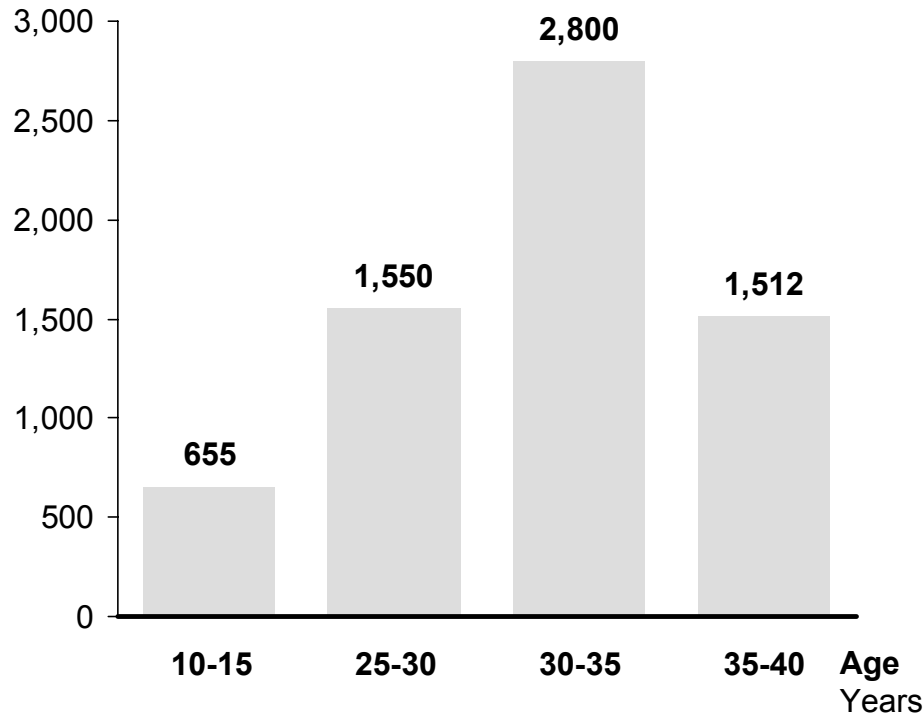
- Summary for investors
- Introduction
 - Scope of operations
 - Financial performance
- **Strategic initiatives of CEZ Group**
 - Integration and operational excellence
 - **Plant portfolio renewal**
 - M&A expansion
- Appendix



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



Age structure of CEZ thermal blocks MW



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



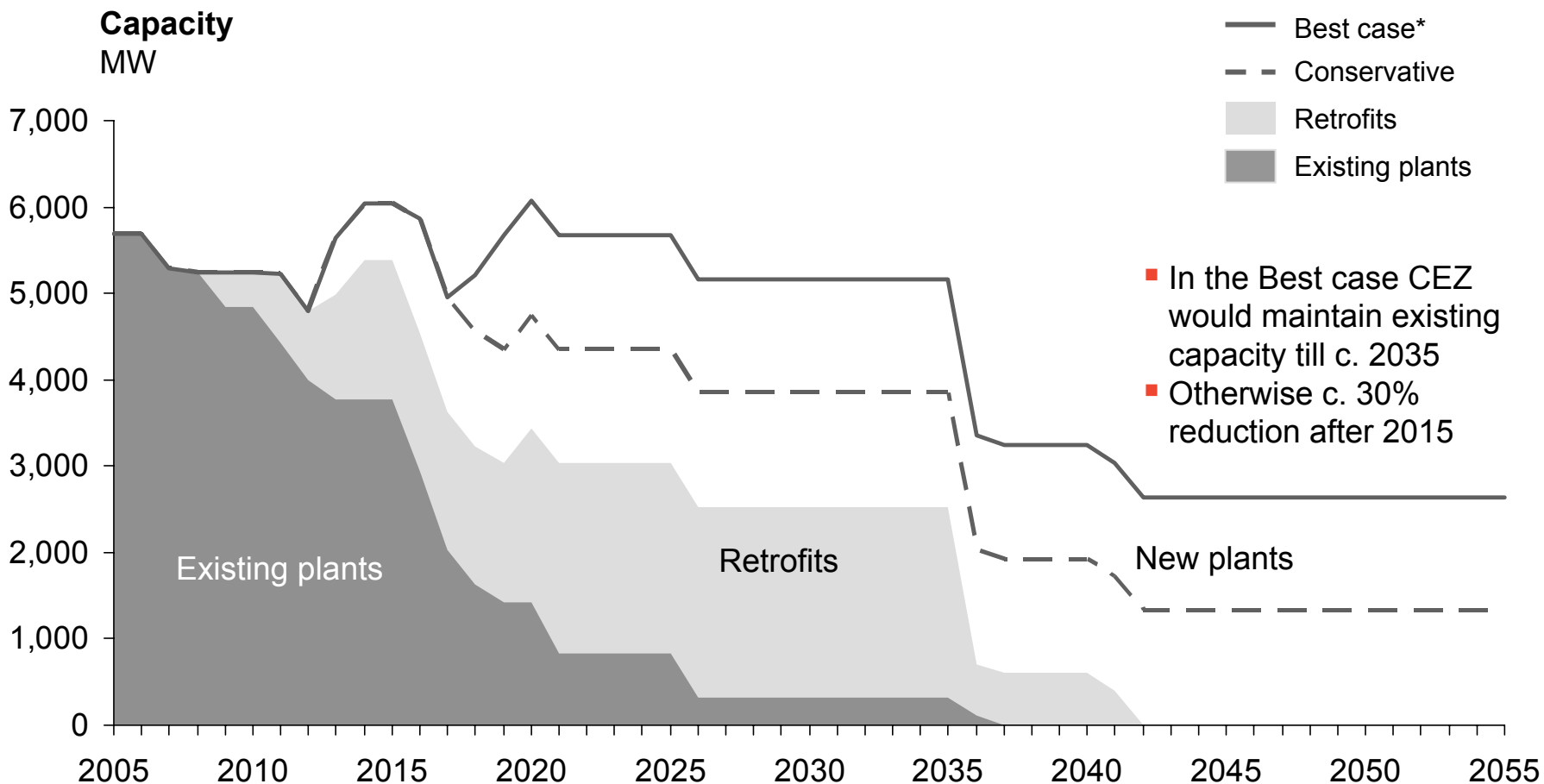
CEZ INTENDS TO BUILD ITS FUTURE PLANT FLEET AROUND NEW GENERATION OF LIGNITE PLANTS



	Coal	Nuclear	Gas	Renewables
Environmental impact	<ul style="list-style-type: none">Acceptable emissions if well designed/managed	<ul style="list-style-type: none">No emissionsNuclear risk	<ul style="list-style-type: none">Low emissions	<ul style="list-style-type: none">Limited/no emissionsNo resources depletion
Competitive advantages	<ul style="list-style-type: none">Low cost of domestic lignite	<ul style="list-style-type: none">Politically acceptable in Czech Republic	<ul style="list-style-type: none">Flexibility, relatively low investment cost	<ul style="list-style-type: none">Public support
Risks/constraints	<ul style="list-style-type: none">Lignite availabilityCO₂ regulation/price	<ul style="list-style-type: none">High up front investment	<ul style="list-style-type: none">High/volatile gas price	<ul style="list-style-type: none">Subsidy scheme not clear yet
	<ul style="list-style-type: none">Cornerstone of the future CEZ plant fleet	<ul style="list-style-type: none">Complement to lignite for baseload generation	<ul style="list-style-type: none">Potentially source of flexible power	<ul style="list-style-type: none">Complementary role (e.g., combined combustion of coal and biomass)



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



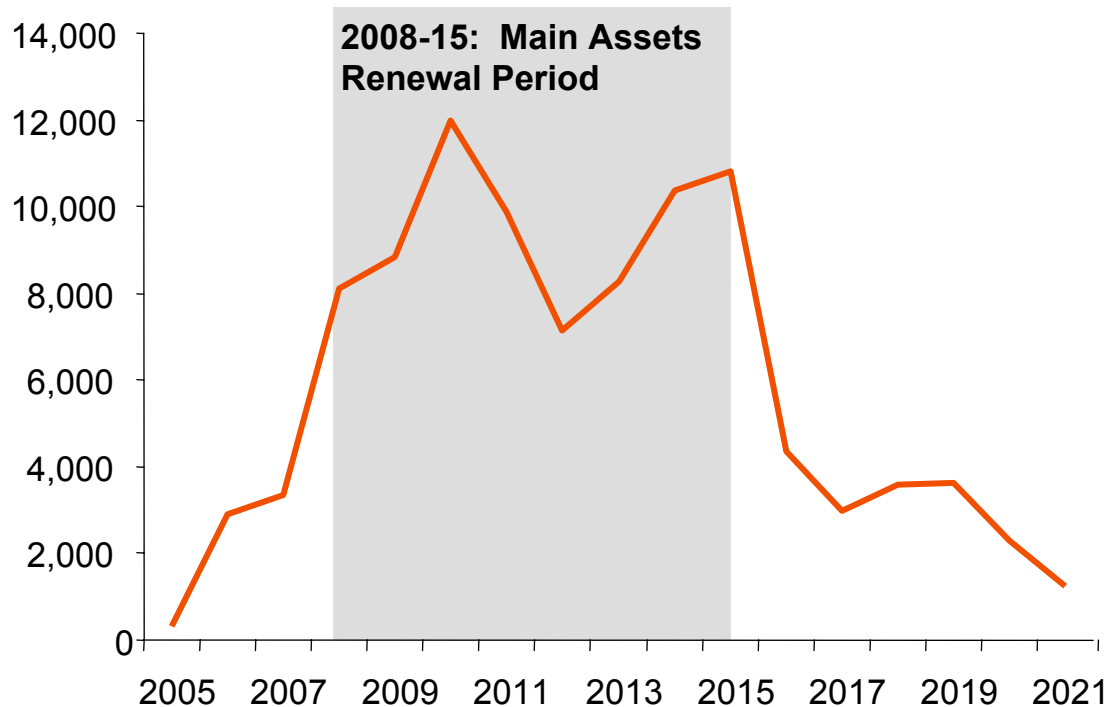
* The best case scenario (additional 2x 660 MW in new units) would require removal of existing administrative geographical mining limits



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



Expected CAPEX – conservative scenario CZK million



Projects overview

- Highly profitable
- Secured fuel – low risk

Retrofits

- Gross efficiency improvement from 36% to 41%
- Less CO₂ production
 - Tušimice II 4 x 200 MW
 - Prunéřov II 4 x 200 MW
 - Počerady 3 x 200 MW

New units

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



AGENDA

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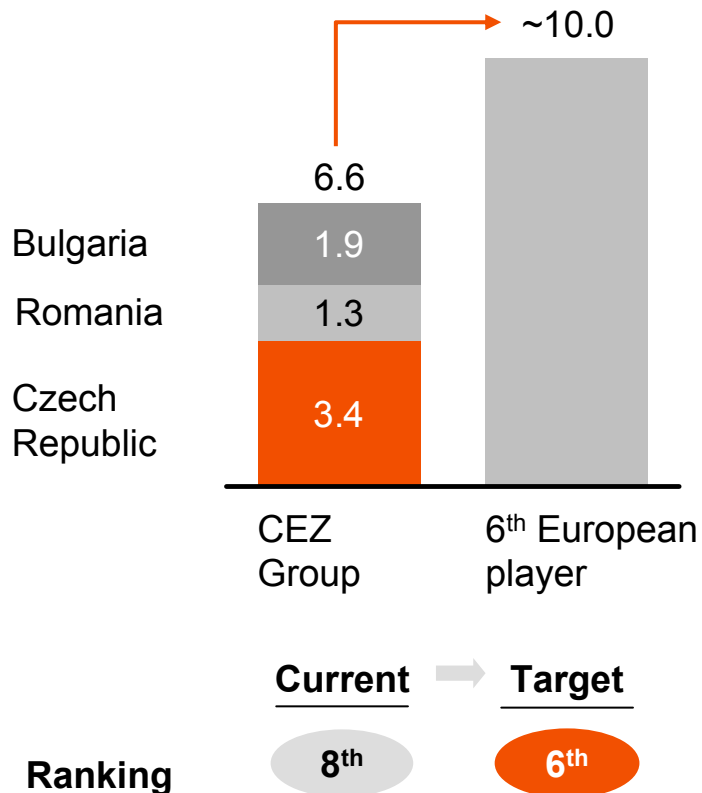


CEZ GROUP WANTS TO GROW BOTH IN GENERATION AND DISTRIBUTION/SUPPLY



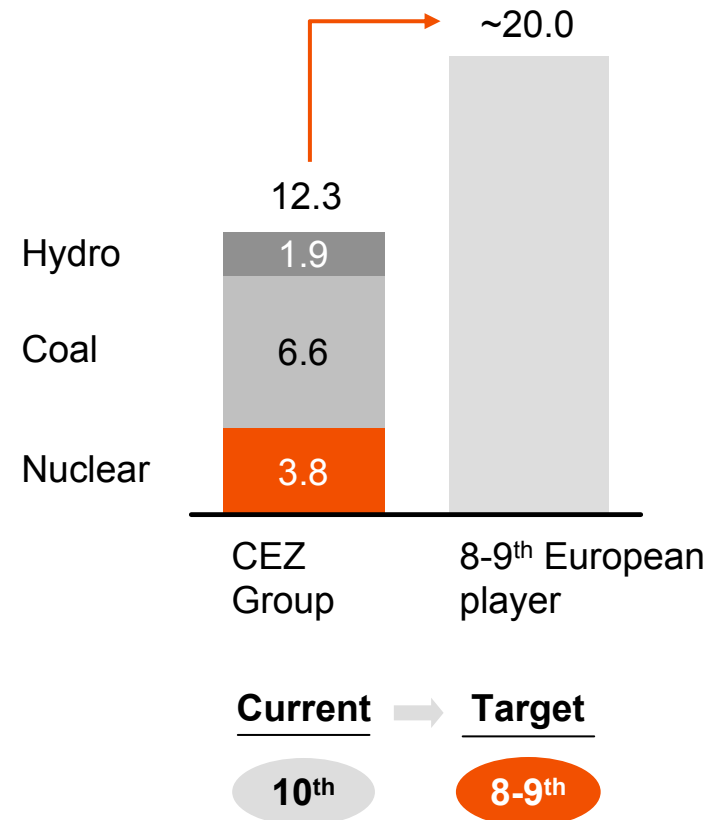
Ambition for distribution/supply growth

Millions of customers



Ambition for target generation growth

GW of installed capacity





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



- 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 to current position of CEZ Group providing significant synergies/risk mitigation
- Significant portion of the assets still in state hands, many privatization processes initiated
- Limited interest of other players in target region of CEZ Group
- Higher financial leverage and overpriced previous investments of other players limiting their growth potential
- Management capacity available from restructuring in the Czech Republic



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



Key criteria for M&A decisions

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

M&A process

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



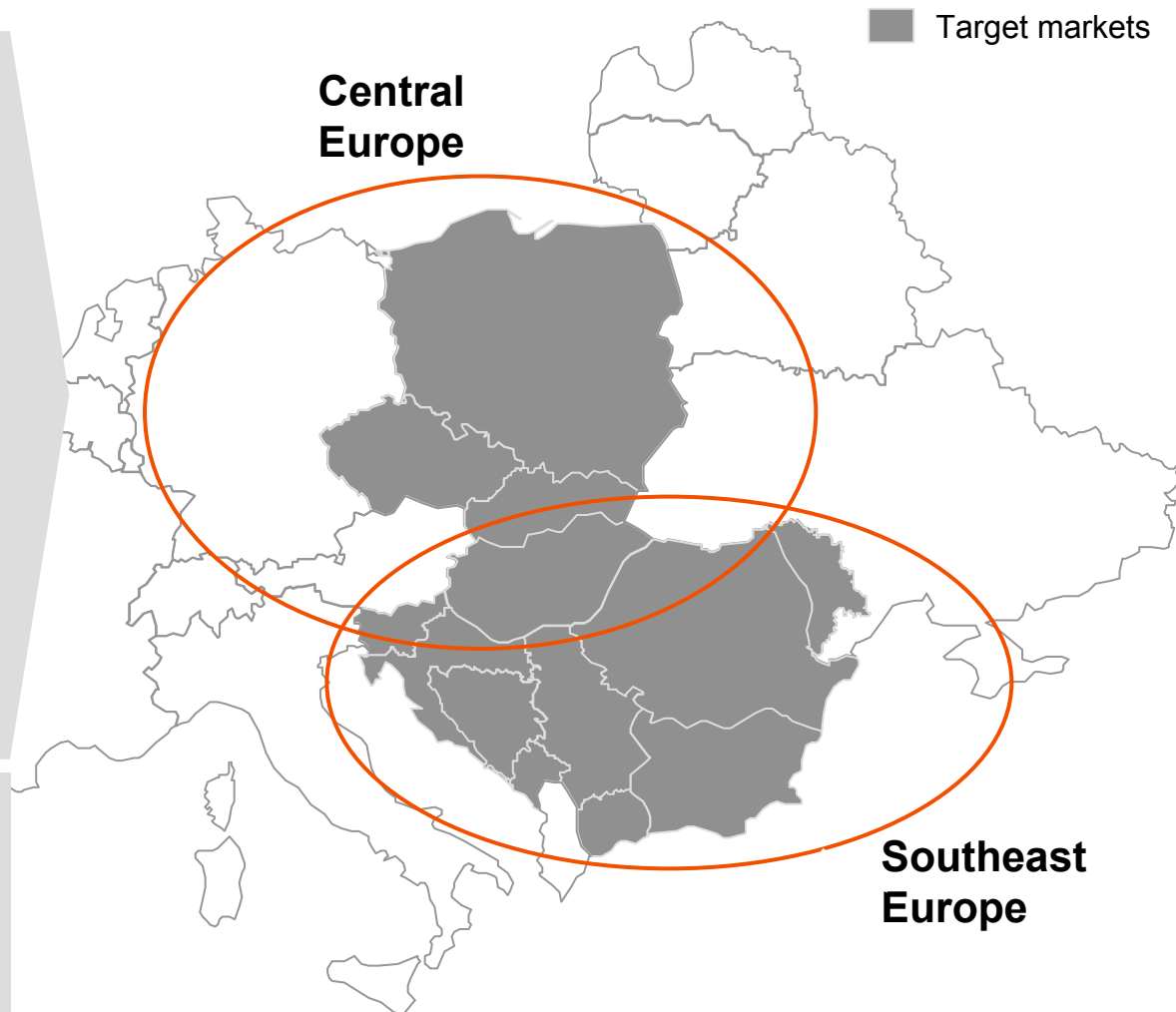
THERE IS LARGE NUMBER OF POTENTIAL TARGETS IN THE REGION OF CENTRAL AND SOUTHEASTERN EUROPE



Main acquisitions opportunities 2005-06

- **Bulgaria:** generation – TPPs Varna, Ruse
- **Romania:** distributors Electrica Muntenia Sud, generation – TPP Turcenii, Rovinari, Craiova
- **Poland:** generation – PAK, Dolna Odra, Kozienice, mining – Katowicki Holding Węglowy S.A.
- **Montenegro:** generation – TPP Pljevlja, mining – brown coal mine company Rudnik Uglja
- **Macedonia:** distribution – complex ESM, generation – TPP Negotino (210 MW)

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





CEZ PARTICIPATES IN ALL CURRENT TRANSACTIONS IN CENTRAL EUROPE



Dolna Odra (Poland)

■ Installed capacity (MW)	1,950
■ Sales (2004, TWh)	5.6
■ Sales (2004, EUR mil.)	290

- Privatization discussed by the new government
- CEZ is not on the shortlist

Kozienice (Poland)

■ Installed capacity (MW)	2,820
■ Sales (2004, TWh)	11.8
■ Sales (2004, EUR mil.)	414

- Privatization discussed by the new government
- CEZ submitted specification of its previous bid on November 17th

PAK – Patnow, Adamow, Konin (Poland)

■ Installed capacity (MW)	2,338
■ Sales (2004, TWh)	14
■ Sales (2004, EUR mil.)	408

- Process in standby
- CEZ obtained permission from Polish government (50% shareholder) to carry out a Due Diligence

PSEG Global – Elcho (Poland)

■ Installed capacity (MW)	220
■ Sales (2004, TWh)	
■ Sales (2004, EUR mil.)	

- CEZ submitted a bid on Dec.12th, 05
- process in progress, decision in January

PSEG Global – Skawina (Poland)

■ Installed capacity (MW)	590
■ Sales (2004, TWh)	3
■ Sales (2004, EUR mil.)	

- CEZ submitted a bid on Dec.12th, 05
- process in progress, decision in January



..... AS WELL AS IN SOUTHEASTERN EUROPE



Muntenia Sud (Romania)

■ Number of customers (million)	1.1
■ Sales (2004, TWh)	4.3
■ Sales (2004, EUR mil.)	286

- process began in July
- CEZ qualified for final bids;
- final bids expected by January 31st 2006

Turceni (Romania)

■ Installed capacity (MW)	2,310
---------------------------	-------

- coal power plant including mine
- privatization to commence in early 2006
- after Turceni privatization starts, Rovinari (1320 MW) and Craiova (630 MW) privatization shall begin

ESM – Distribution (Macedonia)

■ Number of customers (mil.)	0.7
■ Sales (2004, TWh)	4.3

- CEZ qualified for final bids
- process in progress
- final bids expected at the end of Q1 2006

(Bulgaria)

Varna

Ruse

■ Installed capacity (MW)	1,260	400
■ Sales (2004, TWh)	2.463	0.421
■ Sales (2004, EUR mil.)	69.9	23.9

- UES RAO offered highest bids for both, nevertheless antitrust office decided that Varna and Ruse cannot be acquired by one subject
- government ended negotiations with UES RAO
- further process being discussed.

Pljevlja (Montenegro)

■ Installed capacity (MW)	210
■ Sales (2004, TWh)	1.0

- production assets and minority share in mine
- tender re-started in December 2005

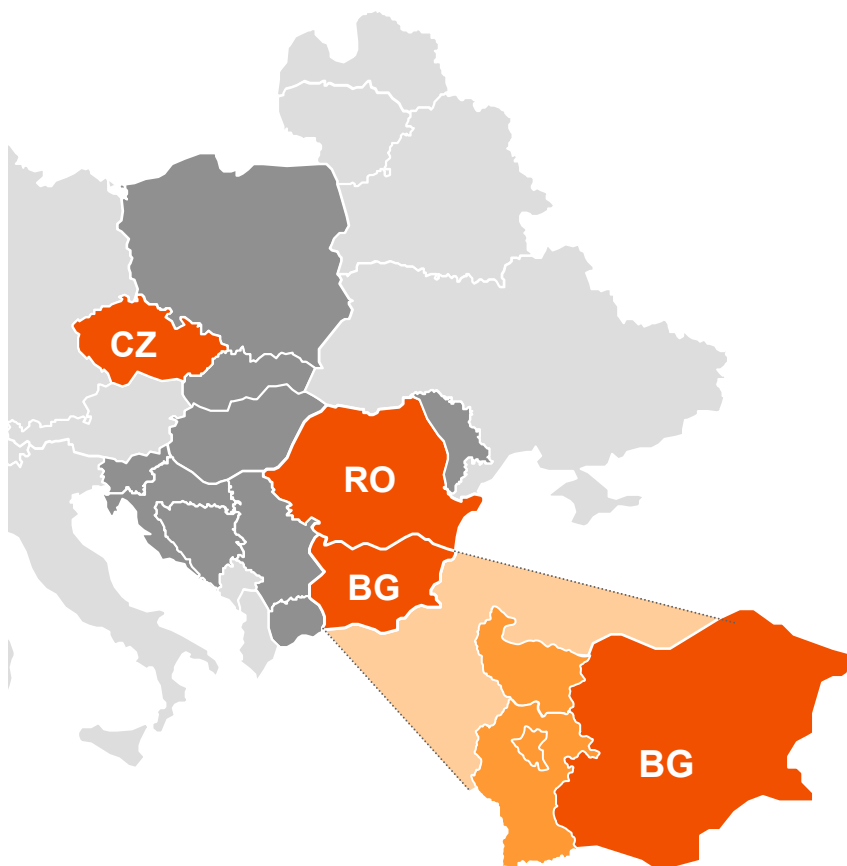


THE INTEGRATION OF THE BULGARIAN EDCs IS PROGRESSING FASTER THAN EXPECTED



Acquisition of distribution in Bulgaria

67% in three EDCs* (Number 1, 42% market share)



Status

- Control gained faster than expected thanks to tight project management
 - Team of 3 observers quickly extended to international team of 20 professionals covering all important business areas
- Immediate initiation of key projects to improve financials
 - 6 projects targeting quick improvements in key business areas (regulatory management, purchasing, planning and standardization of investment and sales to eligible customers)
 - 4 support projects (finance, corporate governance, organization and communication)
- CEZ is well positioned to management process redesign, unbundling and eventually consolidation of the three EDCs to benefit from best practices implementation

* value of the transaction EUR 282 million

Source: CEZ



FAST INTEGRATION IN BULGARIA BRINGS TANGIBLE RESULTS



Early results

- Unified organizational structure across all three EDCs implemented
- All three EDCs adopted international accounting standards
- Energy losses were reduced by ~10% in all three EDCs during the first half of 2005
- Coordination of selected activities among EDCs already delivered first cost savings
- CEZ is the only of all distribution companies that obtained trading license in line with legal deadlines

Selected financials – IFRS

EUR million

Name	Stolichno		Sofia Oblast		Pleven		Total		Improvement
	H1 2005	H1 2004	H1 2005	H1 2004	H1 2005	H1 2004	H1 2005	H1 2004	Percent
Sales	95.4	86.0	52.4	50.2	52.3	49.9	200.2	186.0	8%
EBITDA	15.0	11.4	8.4	6.7	6.1	5.4	29.5	23.5	26%
EBIT	9.3	5.2	5.3	4.4	2.2	2.1	16.9	11.7	44%
Net Profit	7.6	4.0	4.0	3.5	1.8	1.6	13.4	9.1	47%

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

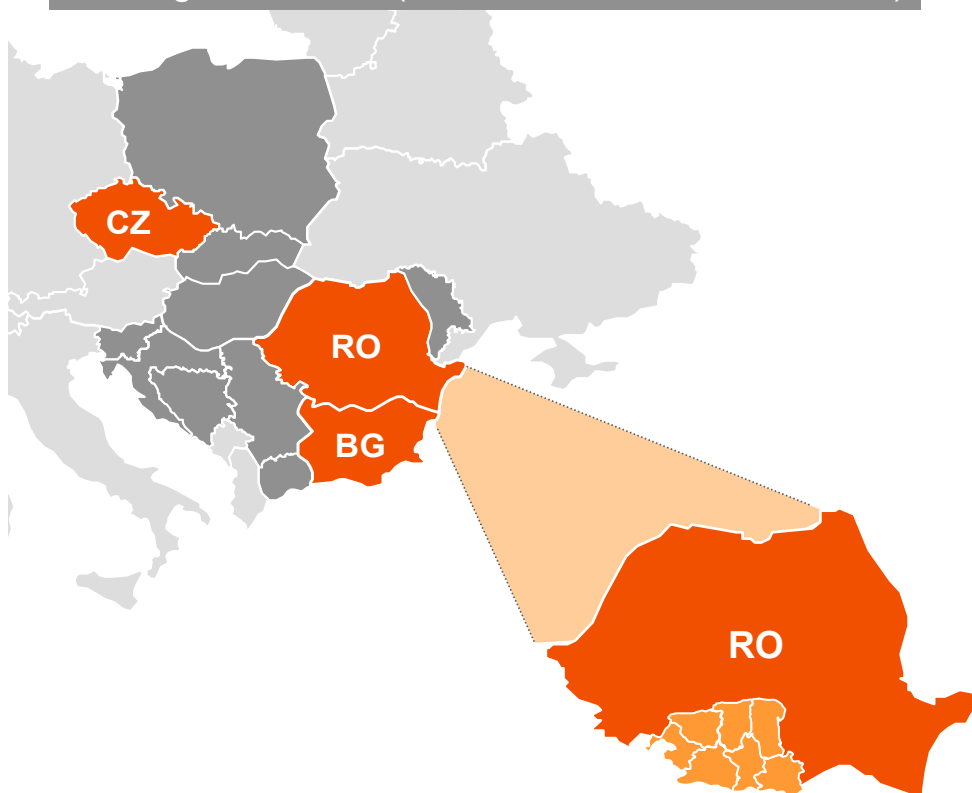


THE ACQUISITION OF EDC OLTENIA IS ALMOST COMPLETE AND INTEGRATION HAS STARTED



Acquisition of distribution in Romania

51% share in EDC Oltenia*, adjacent to the Bulgarian EDCs (Number 2, 17% market share)



Status

- CEZ Group selected as a tender winner
- Settlement carried out on October 4 2005
- Strong CEZ management team on the ground combining internal professionals with managers from outside the Group and Romanian experts
- Already before the settlement the team had role of observer, consulted on key issues by local management
- Main processes in progress
 - Post-completion audit
 - Post-merger audit
 - People assessment

Consolidated financial statements according to IFRS

EUR million

	2003	2004
Sales	362.2	399.8
EBITDA	-16.7	70.2
EBIT	-118.9	49.0
Net income	-58.6	46.6
Net debt	1.0	1.0

* 25% share purchase, remainder equity contribution for total of EUR 151 million



AGENDA

- Summary for investors
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 - M&A expansion
- **Appendix**



APPENDIX

- **Appendix – Czech power market overview**

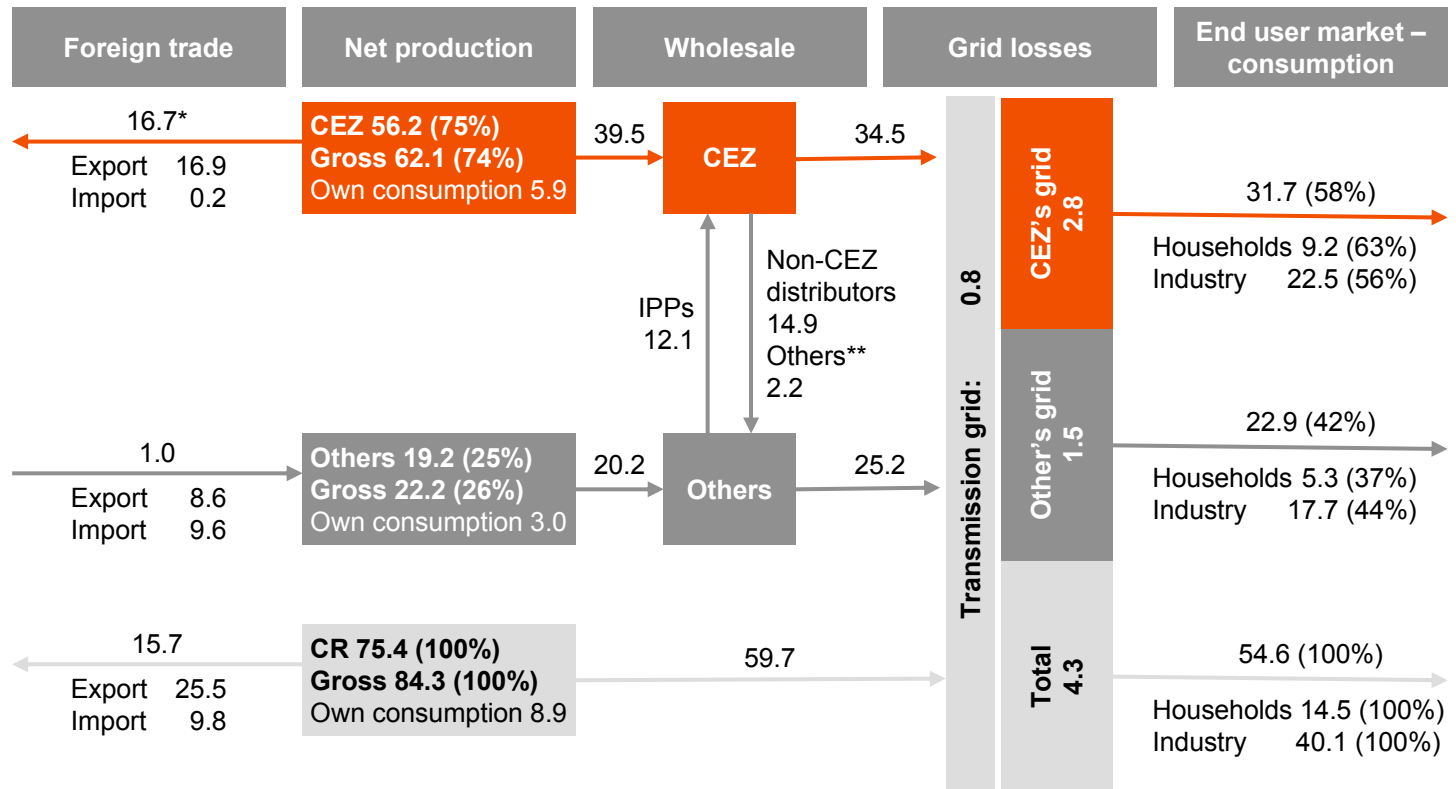
- Nuclear safety and provisions
- Selected historical financial figures



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

Czech electricity market in 2004

TWh

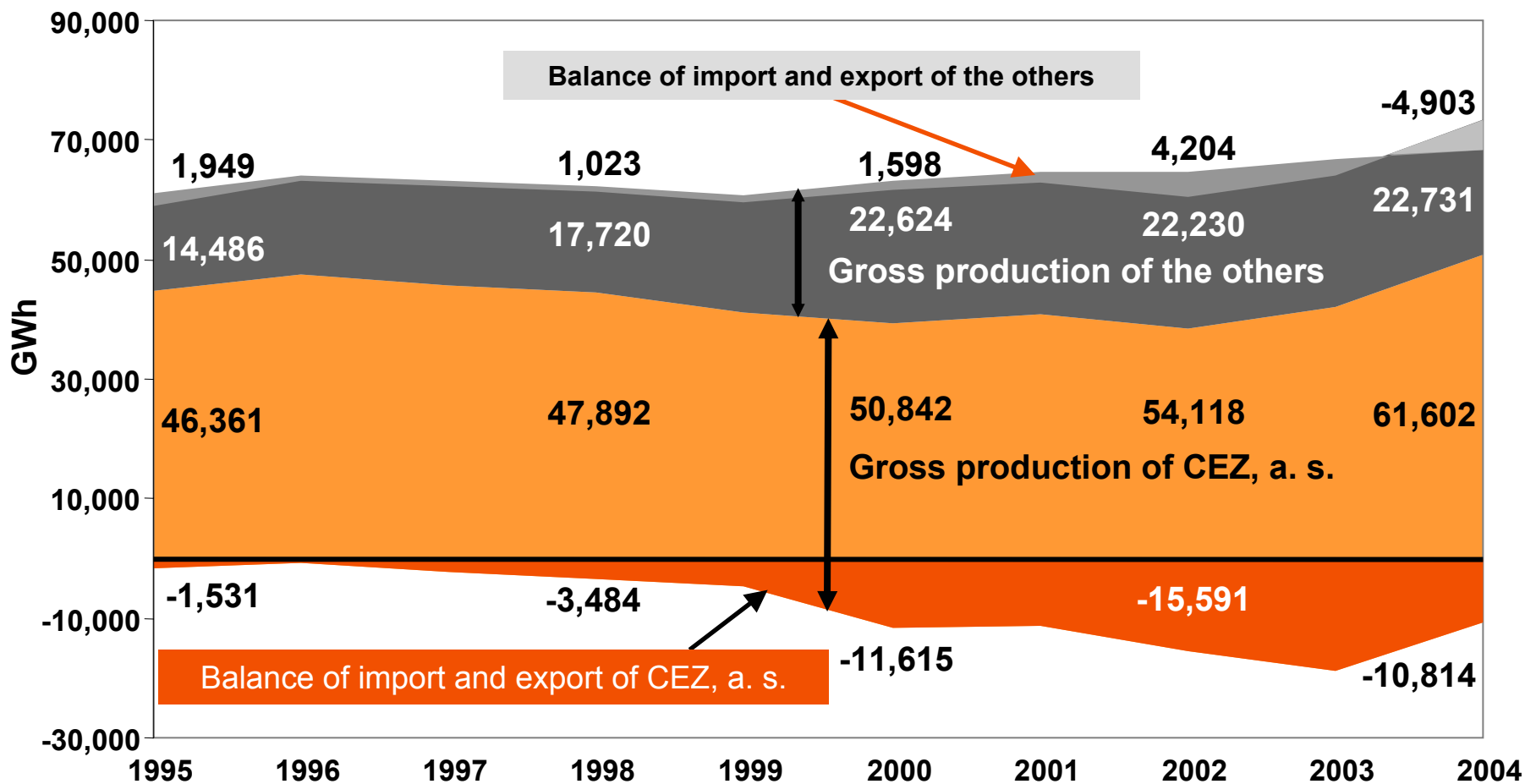


* Includes sales to domestic traders for export, excludes trading on the foreign liquid markets which do not impact volume

** 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



... AND HAS ALWAYS BEEN





DEMAND FOR ELECTRICITY IN THE CZECH REPUBLIC IS DRIVEN BY INDUSTRIAL CUSTOMERS

- Installed capacity as of 31st December
- Demand for electricity
- Net electricity generation
- Gross electricity generation

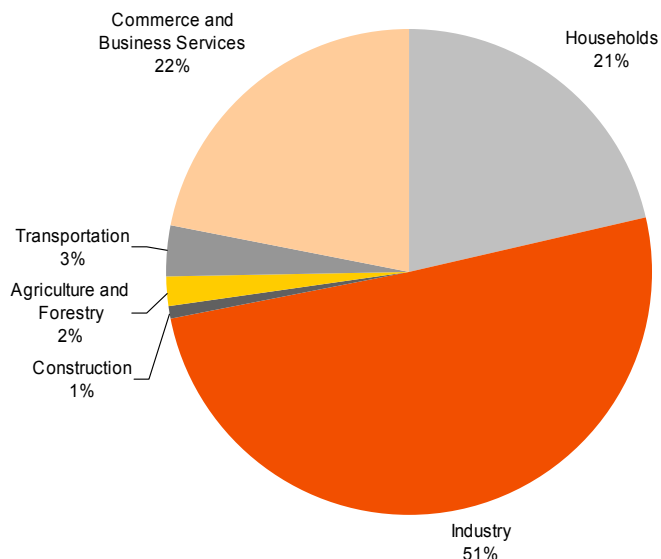
2003

17,344 MW
54,807 GWh
76,659 GWh
83,227 GWh

2004

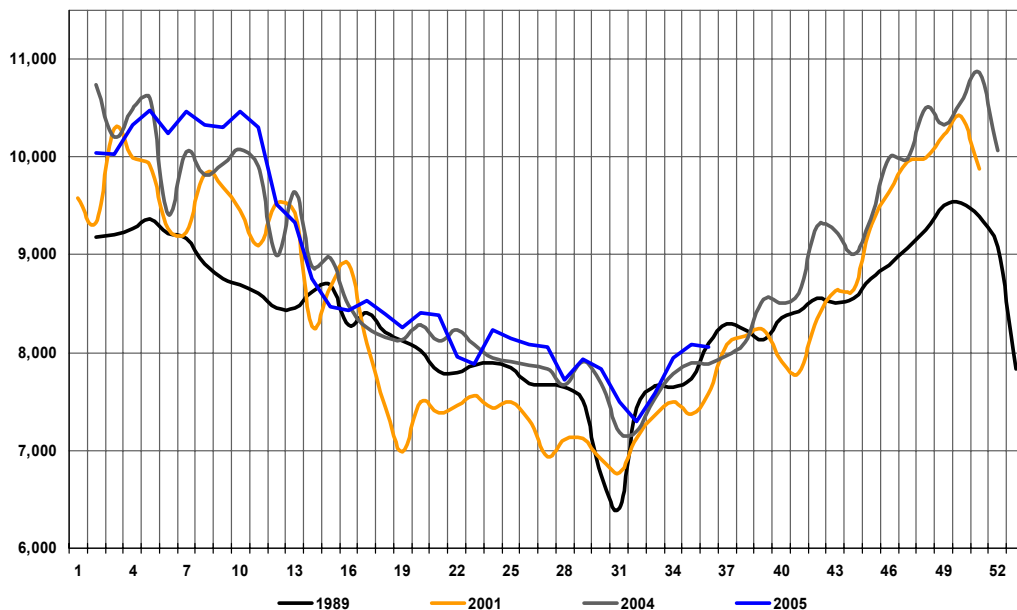
17,434 MW
56,388 GWh
77,919 GWh
84,333 GWh

Electricity Demand Structure (2004)



Average Weekly Peak Loads on the Transmission Grid Level

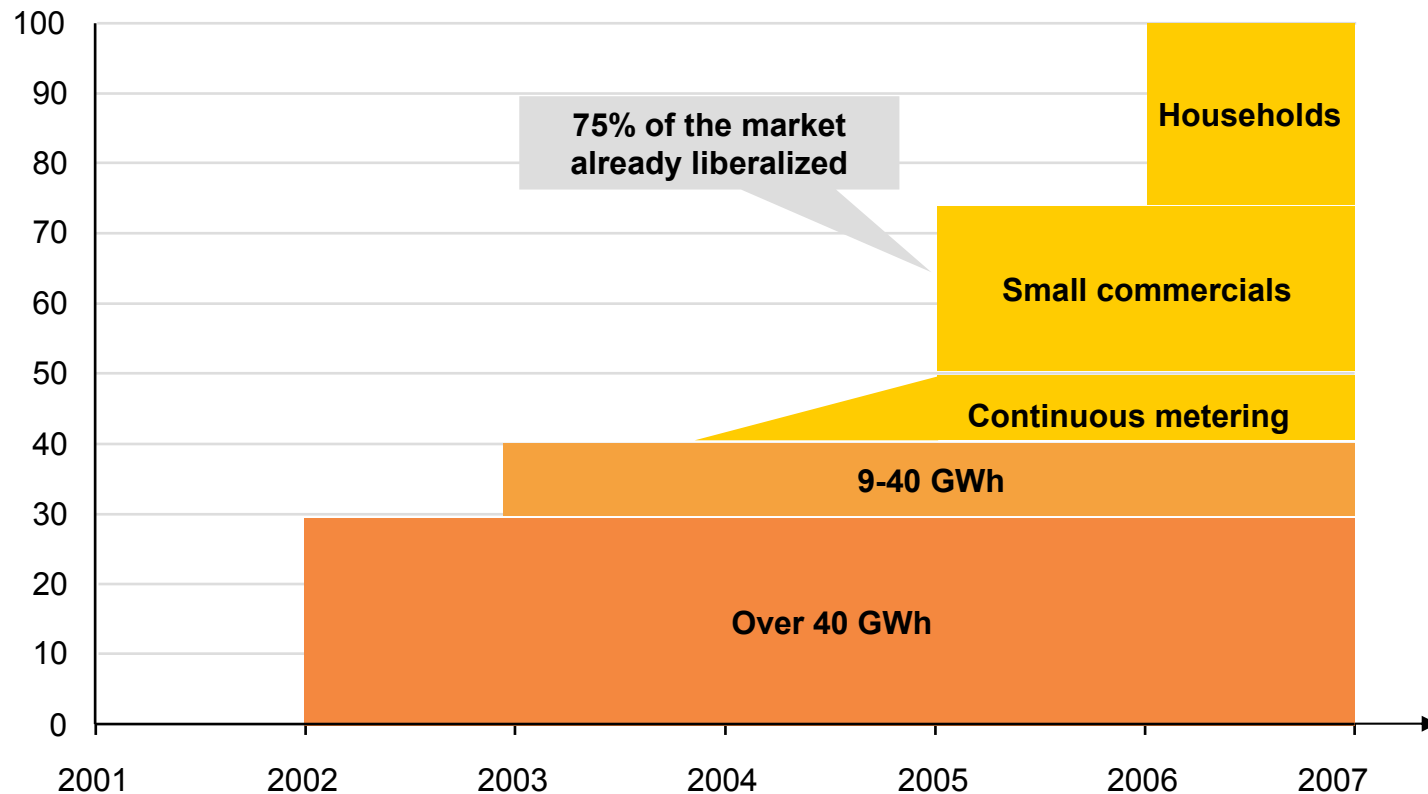
MW (for days Tue-Fri, recalculated for 50 Hz and standard temperature)





ELECTRICITY MARKET TO BE FULLY LIBERALIZED STARTING 2006, 75% LIBERALIZED ALREADY

Time plan of end-user market liberalization in the Czech Republic
Percentage





AGENDA

- Appendix – Czech power market overview
- **Nuclear safety and provisions**
- Selected historical financial figures



DUKOVANY IS ONE OF EUROPEAN BEST PERFORMING NUCLEAR POWER PLANTS

TEMELIN

- **Type of reactor**

- PWR – pressurized water reactor, as majority of reactor types around the world

- **Basic description**

**Electricity generation
in 2004: 12,692 GWh**

**Installed capacity:
2 x 1,000 MW**

- Based on the original Russian technical design with many improvements in cooperation with Westinghouse Electric to achieve higher operational safety, e.g.,
 - new instrumentation and control system
 - new monitoring system (incl. radiation monitoring)
 - new cabling (non-flammable and fire-resistant)
 - modification of the electric components
 - new accident analysis and safeguard system
 - new type of nuclear fuel

- **Total investment costs**

- CZK 98.6 bn (USD 4.4 bn) – very competitive amount

- **Commercial operation**

- 1st Unit since June 2002
- 2nd Unit since April 2003

DUKOVANY

- **Beginning of operation**

- 1985-87

- **Current highlights**

**Electricity generation
in 2004: 13,632 GWh**

**Installed capacity:
4 x 440 MW**

- undergoes renovation of its I & C system belongs, to world's best in safety of operation

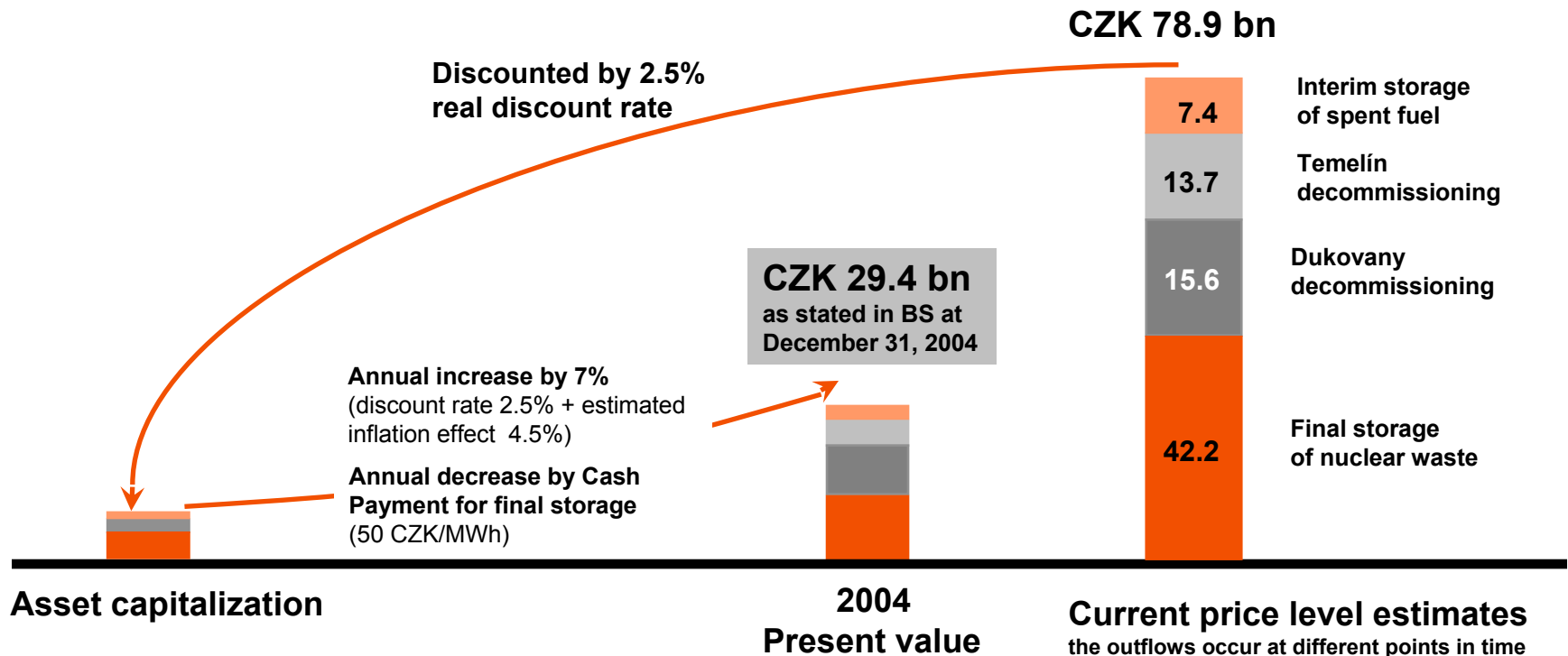


NUCLEAR POWER PLANTS OF CEZ, A. S. ARE INSURED ACCORDING TO INDUSTRY STANDARDS

- Property damage insurance
 - NPP Dukovany since December 1998
 - NPP Temelín since July 2000
- Nuclear third party liability insurance (operational)
 - NPP Dukovany since January 1998
 - NPP Temelín since July 2000
- Nuclear third party liability insurance – transport of nuclear fuel - from the Russian Federation for NPP Dukovany and from the US for NPP Temelín – since 1996
- Liability insurance is concluded according to the Czech Nuclear Act
- Policies are concluded with the Czech Nuclear Pool
- The necessary reinsurance support is provided within international pooling system (foreign national nuclear insurance pools)
- The property and liability risks in both NPPs are checked in the course of risk surveys which are regularly carried out by international teams of inspectors



NUCLEAR PROVISIONS IFRS STATEMENTS ARE FULLY IN LINE WITH IAS 37





NUCLEAR PROVISIONS – CASH FLOW IMPACT

1. NUCLEAR DECOMMISSIONING

Decommissioning of nuclear power plants

- Czech law requires CEZ to have accounting provisions created under Czech Accounting Standards cash funded (starting 2002)
- updated 2004 Temelín cost study – estimate CZK 13.7 bn
- updated 2003 Dukovany – estimate CZK 15.6 bn
- cost studies updated in regular periods
- funds deposited on escrow accounts owned by CEZ, a. s.
- escrow accounts opened in August 2002
- by the end of 2002 first funds deposited
- use of funds only with the approval of the state authority
- provisions created by the end of 2001 should be deposited in cash by 2007 (CZK 3 bn)

Balance of funds as of December 31, 2004: **CZK 1,580 million**

Annual contribution to the escrow account: **CZK 308 million** (Temelin – CZK 153 million, Dukovany CZK 155 million)



NUCLEAR PROVISIONS – CASH FLOW IMPACT

2. FUEL STORAGE

Final Storage of radioactive waste and spent fuel

- contribution to the „nuclear account“ at the Czech National Bank
- controlled by the state authority RAWRA (Radioactive Waste Repository Authority)
- contribution stated by a government resolution
- contribution based on a cost study

50 CZK/MWh produced in nuclear power plants

Cash expenditures in 2004: **CZK 1,316 million**

Interim Storage of Spent Nuclear Fuel

- expenditures represent mainly the purchase of interim fuel storage casks

Cash expenditures in 2004: **CZK 67 million**



AGENDA

- Appendix – Czech power market overview
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SELECTED HISTORICAL FINANCIALS CZK

Profit and loss

	CZK bn	2002	2003	2004
<u>Revenues</u>		<u>55.6</u>	<u>84.8</u>	<u>100.2</u>
Sales of electricity		52.9	79.5	92.7
Heat sales and other revenues		2.6	5.3	7.4
<u>Operating Expenses</u>		<u>32.6</u>	<u>54.9</u>	<u>62.6</u>
Purchased power and related services		7.3	21.1	26.5
Fuel		12.9	14.3	14.4
Salaries and wages		3.9	8.0	9.6
Other		8.6	11.5	12.1
<u>EBITDA</u>		<u>22.9</u>	<u>30.0</u>	<u>37.5</u>
<i>EBITDA margin</i>		<i>41%</i>	<i>35%</i>	<i>37%</i>
Depreciation		11.7	17.0	18.4
<u>EBIT</u>		<u>11.2</u>	<u>13.0</u>	<u>19.2</u>
<i>EBIT margin</i>		<i>20%</i>	<i>15%</i>	<i>19%</i>
<u>Net Income</u>		<u>8.4</u>	<u>8.9</u>	<u>13.1</u>

Balance sheet

	CZK bn	2002	2003	2004
Non current assets		216.2	258.5	258.1
Current assets		15.3	19.7	22.7
- out of that cash and cash equivalents		4.2	4.0	7.5
<u>Total Assets</u>		<u>231.5</u>	<u>278.2</u>	<u>280.8</u>
Shareholders equity (excl. minority. int.)		143.7	144.7	158.4
Loans		28.1	39.0	41.9
Other liabilities		59.7	94.5	80.5
<u>Total liabilities</u>		<u>231.5</u>	<u>278.2</u>	<u>280.8</u>



SELECTED HISTORICAL FINANCIALS

EUR

Profit and loss

<i>EUR m</i>	2002	2003	2004
<u>Revenues</u>	<u>1,853</u>	<u>2,827</u>	<u>3,339</u>
Sales of electricity	1,765	2,652	3,092
Heat sales and other revenues	88	176	247
<u>Operating Expenses</u>	<u>1,088</u>	<u>1,828</u>	<u>2,088</u>
Purchased power and related services	244	703	884
Fuel	430	477	479
Salaries and wages	128	266	321
Other	285	382	403
<u>EBITDA</u>	<u>765</u>	<u>999</u>	<u>1,251</u>
<i>EBITDA margin</i>	<i>41%</i>	<i>35%</i>	<i>37%</i>
Depreciation	391	565	613
<u>EBIT</u>	<u>374</u>	<u>433</u>	<u>639</u>
<i>EBIT margin</i>	<i>20%</i>	<i>15%</i>	<i>19%</i>
<u>Net Income</u>	<u>281</u>	<u>296</u>	<u>435</u>

Balance sheet

<i>EUR m</i>	2002	2003	2004
Non current assets	7,207	8,617	8,603
Current assets	509	657	758
- out of that cash and cash equivalents	141	134	252
<u>Total Assets</u>	<u>7,716</u>	<u>9,274</u>	<u>9,361</u>
	0	0	0
Shareholders equity (excl. minority. int.)	4,789	4,824	5,280
Loans	937	1,299	1,396
Other liabilities	1,990	3,151	2,685
<u>Total liabilities</u>	<u>7,716</u>	<u>9,274</u>	<u>9,361</u>