



ČEZ GROUP Quarterly Report on Operational, Economic and Financial Results for 1st Through 3rd Quarters 2005

NON-AUDITED CONSOLIDATED RESULTS IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

Main features

- EBIT up 41.9% (by CZK 6.2 bn) year-on-year to CZK 20.9 bn.
- Net income grew 26.8% to CZK 14.1 bn (up CZK 3.0 bn) and the full-year forecast also improved to CZK 17.2 bn.
- A transaction making ČEZ, a. s. the 51% owner of the Romanian distribution company Electrica Oltenia settled on October 4.
- Over the period from January to the end of September, the price of ČEZ, a. s. shares on the Prague Stock Exchange increased by 117.0% (from CZK 341 to CZK 739). The share price took a hit in an across-the-board stock market correction in October, but recovered in November to close at CZK 681.5 on November 28.
- In September Moody's credit rating agency upped the company's rating from A3 to A2, leaving the outlook at stable.

Prague, 29 November 2005

	JAN-SEP 2005		JAN-SEP 2004		Index	Index
	CZK m	GWh	CZK m	GWh	05/04 (CZK)	05/04 (GWh)
Revenues	87,842		73,061		120.2%	
Sales of electricity	83,323	53,942	67,763	49,961	123.0%	108.0%
End-user sales	29,647	28,277	19,622	23,125	151.1%	122.3%
Sales to distribution companies	12,219	11,735	9,957	10,984	122.7%	106.8%
Domestic traders, market operator, other	10,280	8,004	7,214	5,791	142.5%	138.2%
Export	5,902	5,926	8,064	10,062	73.2%	58.9%
Ancillary and distribution services	25,275		22,906		110.3%	
Heat sales and other revenues	4,519		5,298		85.3%	
Operating expenses	66,977		58,352		114.8%	
Fuel	10,538		10,688		98.6%	
Purchased power and related services	26,171		19,356		135.2%	
of which, e.g.: Purchased electricity	17,176	14,886	10,487	11,465	129.7%	129.8%
Depreciation and amortization	14,396		13,534		106.4%	
Operating income (EBIT)	20,865		14,709		141.9%	
EBITDA	35,261		28,243		124.8%	
Other expenses (+) and revenues (-)	2,845		468		607.9%	
Income before income taxes (EBT)	18,020		14,241		126.5%	
Income taxes	3,934		3,135		125.5%	
Net income	14,086		11,106		126.8%	
Net income attributable to equity holders of the parent	13,520		10,204		132.5%	
Net income attributable to minority interests	566		902		62.7%	
	Unit	JAN-SEP 2005	JAN-SEP 2004	Index 05/04		
Price earnings ratio (P/E) *	1	26.3	11.9	222.0%		
Return on equity (ROE), net	%	8.1	6.5	124.0%		
Return on invested capital (ROIC)	%	6.5	4.5	143.9%		
EBITDA margin	%	40.1	38.7	103.8%		
EBIT margin	%	23.8	20.1	118.0%		
Total indebtedness (provisions excluded)	%	27.0	26.2	102.9%		
Long-term indebtedness	%	14.6	14.8	98.4%		

*) for the preceding 12 months

Revenues, Expenses, Income

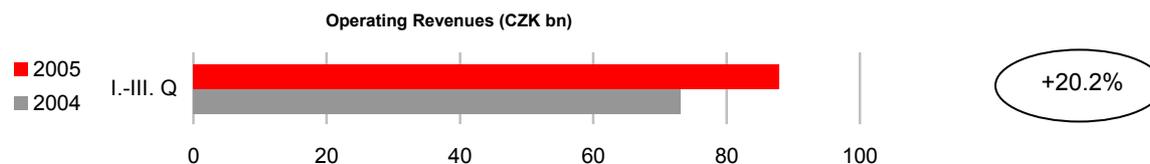
At the end of September 2005, ČEZ Group consisted of 31 fully consolidated companies and 6 companies consolidated by the equity method. The consolidated group increased mainly by the inclusion of three Bulgarian electricity distribution companies at the beginning of the year. The Romanian electricity distribution company Electrica Oltenia, ČEZ's last acquisition, hasn't been consolidated yet.

Electricity sales increased by 23.0 % to CZK 83.3 bn, driven mainly by end user sales (which were up by CZK 10.0 bn; of this, Bulgarian distribution companies contributed CZK 8.4 bn).

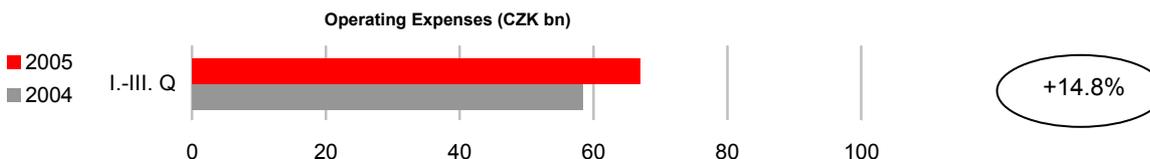
Favorable earnings development over the three quarters reflects excellent performance in operations.

Operating profit grew year-on-year (by 41.9%), driven by higher sales of electricity (up 23%), while operating expenses rose by 14.8%. Sales of electricity were up, despite reduced volumes, thanks to higher prices. The average selling price in the Czech Republic grew 11.9% in year-on-year terms, and the export price (excluding crossing-border profiles) was up 23.3%. Sales of directly exported electricity fell, as the volume decline had a greater impact than did the higher prices, but part of export volume shifted to sales to domestic traders. The greatest increases in sales were seen in the electricity sold by

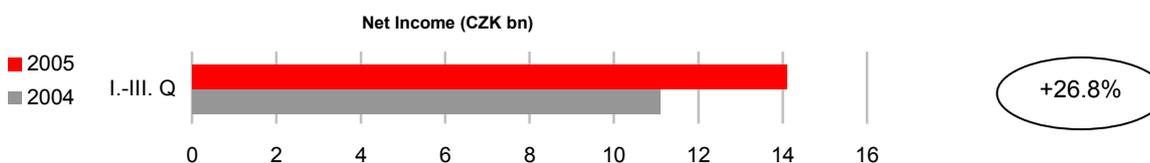
distribution Group member companies (by CZK 10.0 bn, 51.1%) and electricity sold to Group non-member distribution companies (by CZK 2.3 bn, 22.7%). Sales outside of the Czech Republic fell substantially, affecting both sales revenues and electricity purchasing expenses. Sales of ancillary and distribution services were up 10.3%.



Operating expenses rose by CZK 8.6 bn (14.8%) in year-on-year terms. Purchased power was up CZK 6.8 bn due mainly to purchases by the Bulgarian distribution companies amounting CZK 5.6 bn. There were also higher purchases from producers outside the Group (by CZK 2.0 bn), on the other hand, purchases abroad were cut (by CZK 0.8 bn). Personnel expenses were up CZK 1.2 bn (17.7%), of which Bulgarian distribution companies accounted for CZK 0.6 bn. Depreciation & amortization increased by CZK 0.9 bn (6.4%), other operating expenses rose by CZK 0.8 bn (27.5%), while maintenance expenses decreased by CZK 0.5 bn (19.5%) due in part to fewer overhauls, and material expenses sank by CZK 0.3 bn (11.7%).



The most important factors contributing to the CZK 2.4 bn year-on-year decline in financial performance were lower gains on sales of securities by CZK 0.8 bn, a CZK 0.5 bn increase in exchange rate losses, and lower settlement of allowances to financial expenses by CZK 0.4 bn. Losses on derivatives decreased by CZK 0.2 bn. Income from associates and dividends received were down CZK 0.4 bn and CZK 0.2 bn, respectively.



THE NUMBER OF EMPLOYEES reached 22,611 persons which represents increase by 4,756 persons (by 26.6%) in comparison with December 31, 2004. This huge growth is mainly effected by acquisition of the Bulgarian distribution companies (4,901 additional employees) while Czech companies reported a small decrease (by 145 employees).

Sales of Electricity

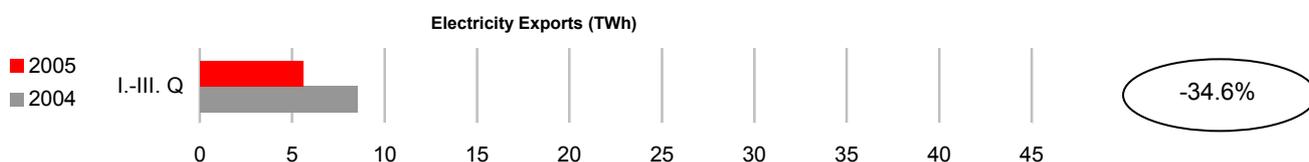
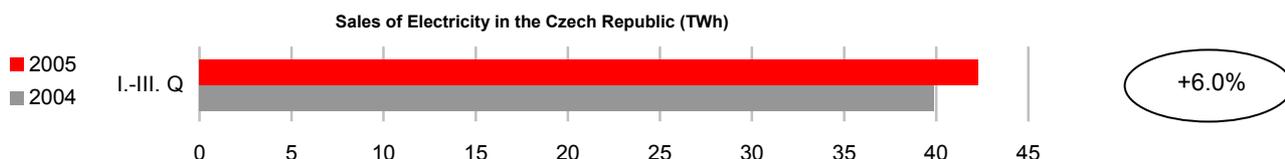
CZECH REPUBLIC

CZECH REPUBLIC ELECTRICITY DEMAND in the first three quarters of 2005 was 42.0 TWh, which corresponds to year-on-year growth of 1.0 TWh (2.4%). **ČEZ GROUP SHARE IN FINAL CONSUMPTION** fell by 3.2% to 55.0% due to a change in classification of our customers.

Total electricity sales (not including ancillary and distribution services) increased by 10.5% to CZK 49.8 bn primarily due to increased electricity prices. The total volume of electricity sold in January – September was lower by 1.7 TWh (3.5%). Domestic sales increased by 2.4 TWh (by 6.0%), while export decreased by 2.9 TWh (by 34.6%) and trading outside the Czech Republic decreased by 1.2 TWh (by 77.6%) as more export from the Czech Republic was organized by traders.

In conjunction with the ongoing transformation of ČEZ Group, the final customers of ZČE, VČE, SČE, STE, SME and ČEZ are being transferred to the newly created company ČEZ Prodej, s.r.o. This portfolio represents a volume of more than 30 TWh for the next year.

Within its distribution area, ČEZ Group introduced a new “Green Electricity” environmental program, i.e. support of generation and supply of electricity from renewable sources of energy. Funds raised from the token charge over usual rates will go to support projects in the area of renewable energy sources.



Electricity generation in the first three quarters totalled 44,626 GWh for a year-on-year decline of 1.2 TWh (by 2.7%). Generation in fossil power plants was down by 668 GWh (by 2.6%), while nuclear power plants generated 886 GWh (by 4.7%) less than in the same period of last year. Generation in hydro power plants grew by 317 GWh (by 22.3%). Fossil power plants accounted for 55.7% of generation volume (24,871 GWh), nuclear power plants generated 40.4% (18,019 GWh) and 3.9% (1,736 GWh) was generated in hydro power plants and from other renewable sources of energy.

BULGARIA

In January - September 2005, the three Bulgarian distribution companies belonging to ČEZ Group sold an aggregate total of 5,728 GWh of electricity, corresponding to CZK 8.4 bn in revenues.

Investment Program

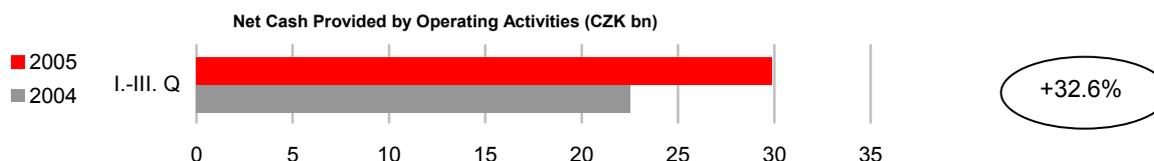
Additions to property, plant and equipment and other non-current assets in the first through third quarters totalled CZK 9.7 bn compared to CZK 11.6 bn in January – September 2004.

At the Dukovany Nuclear Power Plant, units 2 and 3 were shut down for partial fuel replacement and the outage was utilized to carry out an upgrade of instrumentation and control (I&C) and protection systems on these units. Preparations continue for a replacement of I&C and protection systems on the nuclear portion of unit 4, which will allow the unit's useful lifetime to be extended to at least 2025. The construction of a spent fuel repository in the power plant premises was completed. At the Temelín Nuclear Power Station, unit 2 was shut down from April to July to replace a portion of the fuel. After that, unit 1 was overhauled from July to October. Unit 2 will run at a reduced output level until mid-December, when it will be shut down again to correct detected glitches. Preparations have commenced for a retrofit of the Tušimice II Power Station, to take place in 2007-2009 at a total budgeted cost of approximately CZK 15 bn.

Financing

NET CASH PROVIDED BY OPERATING ACTIVITIES (CZK 29.9 bn) increased by CZK 7.4 bn (32.6%) compared to the same period of 2004. Growth components included, in particular, income before income taxes (up CZK 3.8 bn), depreciation and amortization (up CZK 0.9 bn) and provision for doubtful accounts and environmental claims (up CZK 1.1 bn). Another positive factor was income tax paid, which fell by CZK 0.9 bn, or 16.8%.

Total cash used in **INVESTING ACTIVITIES** rose in year-on-year terms by CZK 0.4 bn (3.4%) to CZK 11.8 bn, primarily due to a CZK 0.9 bn increase in expenditures to acquire subsidiaries and associates (Electrica Oltenia – CZK 4.5 bn, SME – CZK 1.3 bn), while a CZK 3.6 bn (69.2%) decline in sales of fixed assets had a similar impact on this indicator. On the other hand, a CZK 1.9 bn (16.2%) fall in additions to property, plant and equipment and other non-current assets and increased proceeds from disposal of subsidiaries, e.g. the first instalment (CZK 1.4 bn) from the sale of the ČEPS stake reduced the overall cash used in investing activities.



Net cash flow from **FINANCING ACTIVITIES** was an outflow of CZK 10.0 bn, while in the same period of last year the result was a CZK 0.07 bn increase in cash (year-on-year change: CZK -10.1 bn). The primary reason is the fact that there is no loan drawdown to offset CZK 3.8 bn of instalments paid on loans and credits in 2005, whereas in the previous year the 3rd Eurobond issue was brought to the market. Dividend payouts (CZK 5.7 bn) increased year-on-year (by CZK 0.9 bn), as did the balance of purchase and sale of treasury shares (by CZK 0.9 bn).

ČEZ, a. s. Ratings:

Standard & Poor's: "BBB+" with positive outlook (increase from stable outlook as of May 2005)

Moody's: "A2" with stable outlook (up from "A3" as of September 2005)

Other Information

- ČEZ, a. s. is carrying out a squeeze-out of minority shareholders from four ČEZ Group electricity distribution companies. These companies held General Meetings to approve their contributions of parts of their businesses as their investment in kind to ČEZ Distribuce, a. s. In accordance with the objectives of the Group's strategic development program, VIZE 2008, ČEZ Distribuce, a. s. is becoming the license holder for the entire ČEZ Group distribution area. As of today, that company holds the licenses for the former distribution service areas of SČE, ZČE and VČE, and by year end it will obtain the distribution licenses for the remaining distribution areas.
- ČEZ Prodej, s. r. o. is gradually taking over sales to final customers in the Czech Republic, replacing 5 regional distribution companies.
- On September 29, the Government of the Czech Republic decided to sell a 55.8% stake in the brown coal mining company Severočeské doly a.s. The purchase agreement between ČEZ, a. s. and the National Property Fund of the Czech Republic was signed on October 20, and the acquisition price is CZK 9.05 bn. The transaction was approved by the Antitrust Office on November 25.
- On October 4, a stake in the distribution company Electrica Oltenia was transferred to ČEZ, a. s. ČEZ, a.s. is now a 51% shareholder in the Romanian power distribution company.
- ČEZ, a. s. is participating in tenders for the privatization of two Polish State-owned power companies. On August 19, we placed a bid for a stake in Zespół Elektrowni Dolna Odra SA and this was followed on September 9 by a bid for a stake in Elektrownia Koźmice SA, which made the short list.
- At the present time, ČEZ, a. s. has qualified as one of 10 bidders in a tender for the privatization of the Romanian distribution company Electrica Muntenia Sud. The deadline for submission of binding bids has been newly set for January 31, 2006.
- On October 27, ČEZ, a. s. submitted a preliminary bid for a minimum 10% stake in the second largest Polish hard coal mining company Katowicki Holding Węglowy S.A.

Consolidated Income Statement in accordance with IFRS (CZK m)					Consolidated Balance Sheet in accordance with IFRS (CZK m)		
	7. - 9. / 2005	1. - 9. / 2005	7. - 9. / 2004	1. - 9. / 2004		September 30, 2005	December 31, 2004
Revenues	27,100	87,842	22,551	73,061	Assets	294,856	280,815
Sales of electricity	25,821	83,323	21,149	67,763	Fixed assets	257,403	258,082
Heat sales and other revenues	1,279	4,519	1,402	5,298	Plant in service	391,612	374,731
Operating expenses	22,335	66,977	19,051	58,352	Less accumulated provision for depreciation	177,749	165,878
Fuel	3,309	10,538	3,307	10,688	Net plant in service	213,863	208,853
Purchased power and related services	7,956	26,171	5,635	19,356	Nuclear fuel, at amortized cost	8,064	7,956
Repairs and maintenance	954	2,226	1,180	2,766	Construction work in progress	11,239	10,626
Depreciation and amortization	4,924	14,396	4,513	13,534	Investment in associates	6,457	7,474
Salaries and wages	2,856	7,691	2,156	6,534	Investments and other financial assets, net	12,326	19,690
Materials and supplies	838	2,305	932	2,610	Intangible assets, net	5,281	3,294
Other operating expenses	1,498	3,650	1,328	2,864	Deferred tax assets	173	189
Income before other expense/income and income taxes	4,765	20,865	3,500	14,709	Current assets	37,453	22,733
Other expenses/income	572	2,845	-595	468	Cash and cash equivalents	15,631	7,545
Interest on debt, net of capitalized interest	478	1,277	510	1,282	Receivables, net	11,237	8,904
Interest on nuclear provisions	514	1,541	493	1,478	Income tax receivable	3,692	26
Interest income	-94	-266	-90	-221	Materials and supplies, net	3,762	3,184
Foreign exchange rate losses/gains, net	-300	351	-277	-111	Fossil fuel stock	622	739
Gain(-)/Loss on sale of subsidiary/associate	0	193	0	0	Other current assets	2,509	2,335
Other expenses/income, net	204	262	-1,030	-1,028	Equity and liabilities	294,856	280,815
Income from associates	-230	-513	-201	-932	Equity	178,492	168,971
Income before income taxes	4,193	18,020	4,095	14,241	Equity attributable to equity holders of the parent	170,962	163,689
Income taxes	1,081	3,934	900	3,135	Stated capital	58,303	59,218
Net income	3,112	14,086	3,195	11,106	Retained earnings and other reserves	112,659	104,471
Net income attributable to equity holders of the parent	3,023	13,520	2,916	10,204	Minority interests	7,530	5,282
Net income attributable to minority interests	89	566	279	902	Long-term liabilities	73,033	72,823
Earning per Share in CZK - basic	5.2	23.1	4.9	17.2	Long-term debt, net of current portion	37,170	38,190
Earning per Share in CZK - diluted	5.1	22.8	4.9	17.2	Accumulated provision for nuclear decommissioning and fuel storage	30,079	29,441
					Other long-term liabilities	5,784	5,192
					Deferred taxes liability	21,414	16,008
					Current liabilities	21,917	23,013
					Short-term loans	388	240
					Current portion of long-term debt	2,072	3,439
					Trade and other payables	12,672	12,409
					Income tax payable	2	1,021
					Accrued liabilities	6,783	5,904

Consolidated Statement of Shareholders' Equity in accordance with IFRS (CZK m)	Attributable to Equity Holders of the Parent					Minority interests	Total Equity
	Stated Capital	Translation Differences	Fair Value and Other Reserves	Retained Earnings	Total		
December 31, 2003	59,152	1	-81	93,552	152,624	7,893	160,517
Net Income for period 1-9/2004				10,204	10,204	902	11,106
Dividends declared				-4,738	-4,738	-106	-4,844
Gain on sale of subsidiary ČEPS, net of tax				2,218	2,218	2,218	
Effect of acquisition of ŠKODA PRAHA on equity				404	404		404
Available-for-sale financial assets removed from equity to P&L			50		50		50
Acquisition of treasury shares	-442				-442		-442
Sale of treasury shares	509				307		307
Share on equity movements of associates				23	23		23
Change in minority due to acquisitions					0	222	222
Other movements		-1		-12	-13		-13
September 30, 2004	59,219	0	-31	101,449	160,637	8,911	169,548
December 31, 2004	59,218	-2	35	104,438	163,689	5,282	168,971
Net Income for period 1-9/2005				13,520	13,520	566	14,086
Dividends declared				-5,309	-5,309	-387	-5,696
Acquisition of treasury shares	-1,246				-1,246		-1,246
Sale of treasury shares	331				253		253
Change in fair value of available-for-sale financial assets recognized in equity			21		21	1	22
Change in fair value of cash flow hedges recognized in equity			73		73		73
Cash flow hedges removed from equity			-157		-157		-157
Effect of acquisition of ŠKODA PRAHA on equity				111	111		111
Share on equity movements of associates				19	19		19
Change in minority due to acquisitions					0	2,181	2,181
Share options			268		268		268
Other movements		-268		-12	-280	-113	-393
September 30, 2005	58,303	-270	240	112,689	170,962	7,530	178,492

Consolidated Cash Flow Statement in accordance with IFRS (CZK m)		
	1. - 9. / 2005	1. - 9. / 2004
Cash and cash equivalents at beginning of period	7,545	4,014
Effect of change in group structure on opening balance of cash and equivalents	0	0
Operating activities:	29,899	22,548
Income before income taxes	18,020	14,241
Depreciation and amortization and asset write-offs	14,410	13,549
Amortization of nuclear fuel	2,201	2,409
(Gain)/Loss in fixed assets retirements	81	-806
Foreign exchange rate loss (gain)	351	-111
Interest expense, interest income and dividends income, net	950	837
Provision for nuclear decommissioning and fuel storage	486	500
Provisions for doubtful accounts, environmental claims and other adjustments	-102	-1,179
Income from associates	-513	-932
Changes in assets and liabilities	-1,449	-1,054
Income taxes paid	-4,525	-5,440
Interest paid, net of interest capitalized	-1,135	-1,007
Interest received	266	226
Dividends received	858	1,315
Investing activities	-11,785	-11,402
Financing activities	-9,991	65
Net effect of currency translation on cash	-37	83
Cash and cash equivalents at end of period	15,631	15,308

Electricity	7. - 9. / 2005	1. - 9. / 2005	7. - 9. / 2004	1. - 9. / 2004	Capacity, Employees	September 30, 2005	December 31, 2004
ČEZ Group electricity supplied from power plants (GWh)	12,991	41,230	13,978	42,437	ČEZ Group installed capacity (MW)	12,297	12,297
Electricity sold by ČEZ Group in the Czech Republic (GWh)	12,938	42,288	12,945	39,899	ČEZ Group number of employees (pers)	22,611	17,855
ČEZ Group electricity exports (GWh)	1,979	5,583	2,691	8,532			
ČEZ Group electricity imports (GWh)	122	255	97	136			
Trading outside the Czech Republic (GWh)	262	343	454	1,530			
Electricity sold by ČEZ Group in Bulgaria (GWh)	1,670	5,728	x	x			