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

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

Main features

- EBIT up 59.7% (by CZK 5.6 billion) year-on-year to CZK 15.0 billion.
- Net income grew 93.9% to CZK 13.4 billion (up CZK 6.5 billion) and the full-year forecast also improved to CZK 16.0 billion.
- On October 20, ČEZ, a. s. and the National Property Fund of the Czech Republic signed an agreement on the sale of the State's 55.8% stake in the brown coal mining company Severočeské doly a.s. for CZK 9.05 billion.
- A transaction making ČEZ, a. s. the 51% owner of the Romanian distribution company Electrica Oltenia settled on October 4.
- ČEZ, a. s. commenced a squeeze-out of minority shareholders from four ČEZ Group electricity distribution companies whose distribution licenses are passing to ČEZ Distribuce, a. s.
- 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). In October the shares succumbed to an across-the-board stock market correction and on October 27 they closed at CZK 634.
- On July 20, the Czech Government allocated to ČEZ, a. s. emission permits for 36.9 million tons per year of carbon dioxide for the 2005-2007 period.
- Moody's credit rating agency upped the company's rating from A3 to A2, leaving the outlook at stable.
- On October 27, ČEZ, a. s. submitted a preliminary bid for Polish hard coal mining company Katowicki Holding Węglowy S.A.

Prague, 31 October 2005

	JAN-SEP 2005		JAN-SEP 2004		Index	Index
	CZK m	GWh	CZK m	GWh	05/04 (CZK)	05/04 (GWh)
Operating revenues	**49,750**		**45,700**		**108.9%**	
Sales of electricity	48,133	*43,971*	44,168	*46,347*	109.0%	*94.9%*
Sales to distribution companies	27,747	*27,861*	25,375	*28,602*	109.3%	*97.4%*
Eligible customers, market operator, other	4,012	*3,283*	3,730	*3,284*	107.6%	*100.0%*
Traders	5,946	*6,902*	3,260	*4,400*	182.4%	*156.9%*
Export	5,451	*5,583*	6,758	*8,531*	80.7%	*65.4%*
Sales outside of the Czech Republic	359	*343*	1,225	*1,530*	29.3%	*22.4%*
Ancillary services	4,619		3,820		120.9%	
Heat sales and other revenues	1,617		1,532		105.5%	
Operating expenses	**34,791**		**36,332**		**95.8%**	
Fuel	10,299		10,458		98.5%	
Purchased power and related services	5,538		6,497		85.2%	
of which, e.g.: Purchased electricity	3,837	*4,018*	4,739	*5,048*	81.0%	*79.6%*
Depreciation and amortization	10,164		10,145		100.2%	
EBIT	**14,959**		**9,368**		**159.7%**	
EBITDA	**25,123**		**19,513**		**128.8%**	
Other expenses (+) and revenues (-)	-1,244		327		x	
of which, e.g.: dividends received	-4,058		-1,679		241.7%	
EBT	**16,203**		**9,041**		**179.2%**	
Net income	**13,420**		**6,922**		**193.9%**	

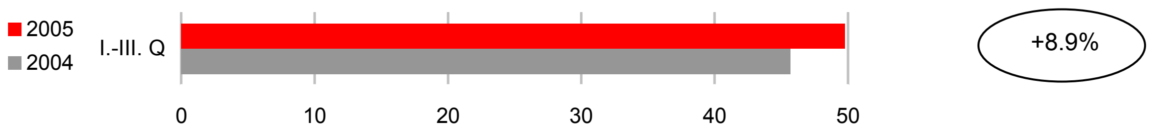
	Unit	JAN-SEP 2005	JAN-SEP 2004	Index 05/04
Price earnings ratio (P/E) *	1	25.5	21.1	121.0%
Return on equity (ROE), net	%	8.1	4.4	181.9%
Return on invested capital (ROIC)	%	6.3	4.0	156.6%
EBITDA margin	%	50.5	42.7	118.3%
EBIT margin	%	30.1	20.5	146.7%
Total indebtedness (provisions excluded)	%	23.0	24.5	94.1%
Long-term indebtedness	%	14.0	15.8	88.7%

*) for the preceding 12 months

Revenues, Expenses, Income

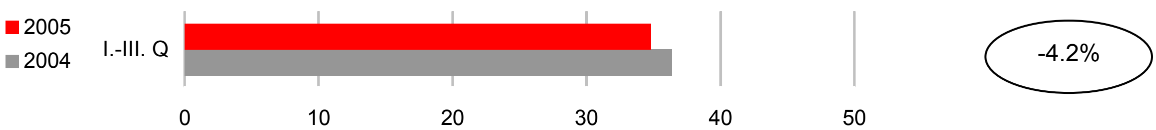
Favorable earnings development over the three quarters reflects excellent performance both in operations and financing. Operating profit grew year-on-year (by 59.7%), driven by higher sales of electricity (up 9%), which were also accompanied by a decline in operating expenses (by 4.2%). Sales of electricity were up, despite reduced volumes, thanks to higher prices. The average selling price in the Czech Republic grew 11.1% in year-on-year terms, and the export price (excl. 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 was shifted to sales to domestic traders. The greatest increase in sales was seen in the electricity distribution companies category (up CZK 2.4 billion, or 9.3%), and when adjusted for reduced purchasing from these companies the increase was CZK 3.4 billion (14.1%). Sales outside of the Czech Republic fell substantially, affecting both sales revenues and electricity purchasing expenses. Sales of ancillary services were up 20.9%.

Operating Revenues (CZK billions)



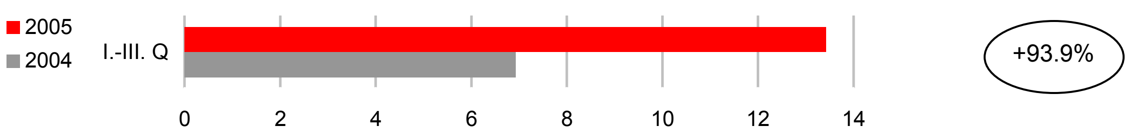
Operating expenses fell by CZK 1.5 billion (4.2%) in year-on-year terms. In addition to reduced expenses on electricity purchasing tied to lower sales outside of the Czech Republic, there was also a CZK 0.4 billion (18.3%) decrease in repairs and maintenance expenses, due in part to fewer overhauls and lower expenses for repairing hydro power plants, which underwent extraordinary repairs last year to deal with flood damage. Other expenses also declined, due in particular to reduced provisioning. Since generation was lower, fuel expenses were also down (by CZK 159 million, or 1.5%), despite the fact that reduced output of Temelín Nuclear Power Station led to a partial shift of generation from nuclear plants to fossil plants, which are more expensive to operate. Personnel expenses were up CZK 317 million (10.9%) year-on-year.

Operating Expenses (CZK billions)



The most important factor contributing to the CZK 1.6 billion year-on-year improvement in financing performance were dividends received (CZK 4.1 billion, up CZK 2.4 billion year-on-year). Financing expenses, on the other hand, were up (by CZK 0.5 billion) due to changes in the balance of foreign exchange losses and gains.

Net Income (CZK billions)



THE NUMBER OF EMPLOYEES fell by 177 during the third quarter, due to transfers of employees to newly formed process companies. For example, 93 employees were transferred to ČEZ Správa majetku. In year-on-year terms, the decline in employees is 108 persons.

Sales of Electricity

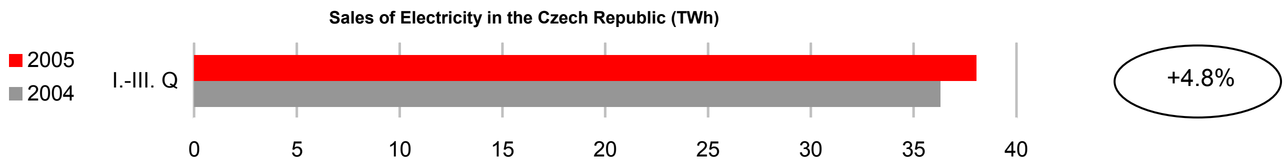
CZECH REPUBLIC ELECTRICITY DEMAND in the first three quarters of 2005, according to our estimates, was 42.0 TWh, which corresponds to year-on-year growth of 0.9 TWh (2.3%). **ČEZ, A. S. SUPPLIES IN COVERING ELECTRICITY DEMAND** grew by 4.4%. This growth is partly caused by moving buyout of electricity from IPP from regional distribution companies to ČEZ.

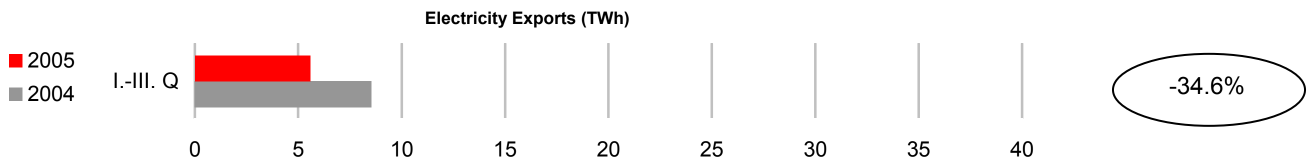
Total electricity sales increased by 7.9% to CZK 43.5 bn primarily due to increase in electricity price. Total volume of electricity sold in January – September was lower by 2.4 TWh (5.1%), from which sales outside the Czech Republic represent 1.2 TWh (2.7%). Decrease of electricity supplied from ČEZ's power plants thus amounts 1.2 TWh. Lower export (by 34.6%) is compensated by higher domestic sale as more export from the Czech market is organized by traders.

3.2 TWh of electricity generated in "virtual power plant" was sold in the August auction. Also in August, the annual two-round auction of electric power for the domestic market was held. In the auction, which was for 2006, a total of 13.2 TWh (beside the electricity to ČEZ Prodej, s.r.o.) was sold at an average price of CZK 1,143/MWh. Total volume of domestic contracts incl. agreement concluded with ČEZ's subsidiary ČEZ Prodej, s.r.o. represents 90 % of expected domestic sales for 2006. Further, ČEZ has concluded or negotiates about export up to 10 TWh southeastward.

In conjunction with the ongoing transformation of ČEZ Group, 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 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 to usual rates will go to support projects in the area of renewable energy sources.





Electricity generation in the first three quarters totaled 44,204 GWh for a year-on-year decline of 1.3 TWh (2.7%). Generation in fossil power plants was down 667 GWh (2.6%), while nuclear power plants generated 886 GWh less than in the same period of last year. On the other hand, generation from renewable sources of energy grew in volume – for hydro power plants the increase was 282 GWh (22.1%), 63 GWh of which was growth in generation in pumped-storage plants, and wind power plants accounted for 0.1 GWh (53.0%). Fossil power plants accounted for 55.7% of generation volume (24,624 GWh), nuclear power plants 40.8% (18,019 GWh) and 3.5% (1,561 GWh) was generated in hydro power plants and from other renewable sources of energy.

Investment Program

Additions to property, plant and equipment and other non-current assets in the first through third quarters totaled CZK 5.3 billion.

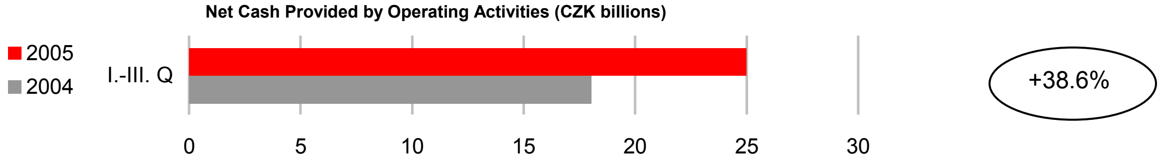
At the Dukovany Nuclear Power Plant, units 2 and 3 were shut down for partial fuel replacement and the outage was utilized to carry out an upgrade of instrumentation and control (I&C) and protection systems on these units. Preparations continue for a replacement of I&C and protection systems on the nuclear 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 billion.

Financing

NET CASH PROVIDED BY OPERATING ACTIVITIES (CZK 25.0 billion) increased by CZK 7.0 billion (38.6%) compared to the same period of 2004. Growth components included, in particular, income before income taxes (up CZK 7.2 billion). Further positive impact was lower income tax paid (by CZK 1.2 billion, or 28.0%). These growth components were partially offset by a CZK 1.5 billion change in the receivables development trend, as there was huge decrease of receivables in the same period of 2004.

Total cash used in **INVESTING ACTIVITIES** rose in year-on-year terms by CZK 3.5 billion (46.4%) to CZK 11.0 billion, primarily due to increased expenditures to acquire subsidiaries and associates (Electrica Oltenia, SME). A CZK 4.1 billion (82.3%) decline in sales of fixed assets had a similar impact on this indicator. On the other hand, a CZK 3.6 billion (40.3%)

fall in additions to property, plant and equipment and other non-current assets and the first installment (CZK 1.4 billion) 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 8.0 billion, while in the same period of last year the result was a CZK 0.8 billion increase in cash (year-on-year change: CZK -8.8 billion). The primary reason is the fact that there is no loan drawdown to offset CZK 1.7 billion of installments paid on loans and credits in 2005, whereas in the previous year the 3rd Eurobond issue was brought to the market. Dividend payout (CZK 5.3 billion) increased year-on-year (by CZK 0.6 billion), as did the balance of purchase and sale of treasury shares (by CZK 0.9 billion).

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

- On July 1, ČEZ, a. s. signed an agreement with Mostecká uhelná a.s. for coal supplies sufficient to run at least one entirely new generating unit and for the comprehensive retrofit of three existing generating units in Počerady. At the same time, terms were clarified for supplying coal to existing generating units in the 2006-2012 period. The agreement is variable and can remain in effect for up to nearly 50 years, depending on a review of territorial extraction limits.
- ČEZ, a. s. is carrying out minority shareholders squeeze out from four ČEZ Group electricity distribution companies and these companies are now holding General Meetings to approve their contributions of part of their business 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, it holds the licenses for the former distribution service areas of ZČE and VČE, and by year end it will obtain the distribution licenses for the remaining distribution areas.
- On September 22, Mr. Jiří Bis became a new member of the Supervisory Board replacing Mr. Martin Pecina, who resigned on the same day.
- 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 billion. The transaction has yet to be approved by the Antitrust Office.
- On October 4, a stake in the distribution company Electrica Oltenia was transferred to ČEZ, a. s. ČEZ, a.s. is now the 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 Kozienice SA, which made the short list.
- ČEZ, a. s. participated in a tender for a power plant and mine in Montenegro. However, none of the bidders satisfied the conditions set by the tender organizer.
- 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 set for December 23.
- On October 27, ČEZ, a. s. submitted a preliminary bid for at least 10% stake in the second largest Polish hard coal mining company Katowicki Holding Węglowy S.A.

Income Statement in accordance with IFRS (CZK m)	7. - 9. / 2005	1. - 9. / 2005	7. - 9. / 2004	1. - 9. / 2004
Revenues	**15,980**	**49,750**	**14,601**	**45,700**
Sales of electricity	15,611	48,133	14,264	44,168
Heat sales and other revenues	369	1,617	337	1,532
Operating expenses	**11,952**	**34,791**	**12,160**	**36,332**
Fuel	3,251	10,299	3,259	10,458
Purchased power and related services	1,875	5,538	1,932	6,497
Repair and maintenance	776	1,896	1,030	2,320
Depreciation and amortization	3,432	10,164	3,353	10,145
Salaries and wages	1,296	3,228	901	2,910
Materials and supplies	473	1,262	400	1,239
Other operating expenses	849	2,404	1,285	2,763
Income before other expense/income and income taxes	**4,028**	**14,959**	**2,441**	**9,368**
Other expenses/income	**610**	**-1,244**	**-26**	**327**
Interest on debt, net of capitalized interest	470	1,234	485	1,200
Interest on nuclear provisions	512	1,537	490	1,470
Interest income	-59	-130	-53	-114
Foreign exchange rate losses/gains, net	-311	364	-280	-121
Other expenses/income, net	-2	-4,249	-668	-2,108
Income before income taxes	**3,418**	**16,203**	**2,467**	**9,041**
Income taxes	**894**	**2,783**	**716**	**2,119**
Net income	**2,524**	**13,420**	**1,751**	**6,922**
Net income per share (CZK per share) - basic	4.3	22.9	3.0	11.7
Net income per share (CZK per share) - diluted	4.3	22.7	3.0	11.7

Cash Flow Statement in accordance with IFRS (CZK m)	1. - 9. / 2005	1. - 9. / 2004
Cash and cash equivalents at the beginning of period	**1,141**	**888**
Net cash provided by operating activities	**24,973**	**18,018**
Income before income taxes	16,203	9,041
Depreciation and amortization and asset write-offs	10,175	10,160
Amortization of nuclear fuel	2,197	2,404
Interest expense, interest income and dividends income, net	-2,953	-593
Income taxes paid	-3,038	-4,219
Other	2,389	1,225
Total cash used in investing activities	**-10,999**	**-7,511**
Acquisition/sale of subsidiaries and associates	-6,109	-3,745
Purchase/sale of fixed assets	-4,406	-3,833
Change in decommissioning and other restricted funds	-484	67
Total cash provided by (used in) financing activities	**-7,981**	**831**
Proceeds from/payments of - borrowings	-1,698	5,688
Acquisitions/sale of treasury shares	-993	-135
Dividends paid	-5,290	-4,722
Net effect of currency translation in cash	**-50**	**108**
Net increase/decrease in cash and cash equivalents	**5,943**	**11,446**
Cash and cash equivalents at end of period	**7,084**	**12,334**

Balance Sheet in accordance with IFRS (CZK m)	as at 30. 9. 2005	as at 31. 12. 2004
Assets	**263,562**	**255,496**
Fixed assets	**243,327**	**245,108**
Property, plant and equipment	**171,400**	**178,935**
Plant in service	283,480	280,092
Less accumulated provision for depreciation	127,185	118,224
Net plant in service	156,295	161,868
Nuclear fuel, at amortized cost	8,021	7,909
Construction work in progress	7,084	9,158
Other non-current assets	**71,927**	**66,173**
Investments and other financial assets, net	70,773	64,883
Intangible assets, net	1,154	1,290
Current assets	**20,235**	**10,388**
Cash and cash equivalents	7,084	1,141
Receivables, net	6,456	5,368
Income tax receivable	2,710	0
Materials and supplies, net	2,672	2,538
Fossil fuel stock	574	705
Other current assets	739	636
Equity and liabilities	**263,562**	**255,496**
Equity	**169,779**	**162,477**
Stated capital	58,303	59,218
Retained earnings and other reserves	111,476	103,259
Long-term liabilities	**66,816**	**67,351**
Long-term debt, net of current portion	36,901	38,071
Accumulated provision for nuclear decommissioning and fuel storage	29,915	29,280
Deferred tax liability	**14,856**	**11,885**
Current liabilities	**12,111**	**13,783**
Current portion of long-term debt	1,838	1,809
Trade and other payables	7,143	8,703
Income tax payable	0	515
Accrued liabilities	3,130	2,756

Capacity, Employees	as at 30. 9. 2005	as at 31. 12. 2004
Installed capacity (MW)	12,153	12,153
Number of employees (pers)	6,507	6,629
Number of employees per MW of installed capacity (pers/MW)	0.535	0.545

Electricity	1. - 9. / 2005	1. - 9. / 2004
Electricity supplied from ČEZ, a. s. power plants (GWh)	40,809	42,051
Electricity sold by ČEZ, a. s. in the Czech Republic (GWh)	38,046	36,286
of which: sold to regional distribution companies (GWh)	27,861	28,602
Domestic electricity price (CZK/MWh)	991	892
ČEZ, a. s. electricity exports (GWh)	5,583	8,531
ČEZ, a. s. electricity imports (GWh)	16	92
Trading outside the Czech Republic (sales)	343	1,530