

Audit Committee's Report on the Activity Results.

The Audit Committee of ČEZ, a. s. was established, further to changes in legislation, by the general meeting of ČEZ held on 13th May 2009. Allow me to remind you that this general meeting integrated the Audit Committee as a new statutory body in the company's Articles of Association, elected the Committee members, and also approved the method of rewarding them. Afterwards, in the first session the Audit Committee elected its chairman and deputy chairman, appointed the economic expert, and also adopted the Rules of Procedure.

The Audit Committee of ČEZ, a. s. smoothly continued the activity of the previous Audit Committee of the supervisory board, both from personnel and factual points of view, by intensifying the Committee's activity in terms of the scope of authority newly defined by legislation. This enables me to assess the Committee's activity for the whole year of 2009, although the present Audit Committee started working during the second half of the year.

During 2009, 6 sessions of the Committee were held in total, 4 of which were sessions of the Audit Committee (there were 2 sessions of its predecessor – the Audit Committee of the supervisory board). This year 2010, prior to the holding of the general meeting, 3 sessions of the Audit Committee have been held.

In these sessions, the Audit Committee above dealt with the following topics:

- Presentations of the external auditor
- Implementation of the plan of the department IA, including adopted changes
- Overall information on the significant audit results
- Information on risk management
- Information on the impacts of the financial crisis on the ČEZ Group
- Assessment of the external auditor
- Plan of activities of the department IA for the year 2010

With regard to the discussed problems, the following officials are summoned to participate in the Committee's sessions:

- External auditor's team,
- Director of the finance division,
- Directors of the departments of internal audit, risk management and accounting,
- If necessary, other senior employees of the company in charge of the activities discussed by the Committee.

Within the framework of the external auditor's presentations, the Committee assesses above all the procedures of making the final accounts of the company ČEZ and the consolidated final accounts of the ČEZ Group, verifies the effectiveness of the company's internal control system, from the point of view of the external auditor, and follows the impacts of significant changes in the accounting standards on the company's results.

Within the framework of the items concerning the internal audit activities of ČEZ, a. s., the Committee follows, producing the annual plan of internal audits, the implementation thereof, and the reasons for making operative changes in the plan. The Committee members also familiarize themselves with the major results of the audit activity. Afterwards, additional information on some of them is provided at the request of the Committee; in addition the Committee follows the procedure of rectifying the drawbacks ascertained; in 2009 the Committee thus focused on, for example, the matter of ICT systems security.

The Audit Committee is informed on a regular basis of the impact of the financial crisis on the company's running of business, both in terms of the price of individual commodities and the development of demand for electricity, and in terms of the impact on financing the company.

The Committee members are respondents in the regular assessment of the external auditor's activity (together with a broad spectrum of the company's senior employees), and the Committee subsequently discusses the results of this assessment, including its results with regard to the external auditor. This assessment also includes a view on the independence of the external auditor from the company's activity in terms of the other services provided to ČEZ, a. s. by the external auditor's company.

From the point of view of the main activities entrusted to the Audit Committee under the Articles of Association (and general legislation), i.e. drawing up of the final accounts, including the consolidated final accounts, assessment of the internal control system efficiency, and assessment of the external auditor's independence, during the course of the year 2009, or in 2010, before this general meeting was held, the Committee had not ascertained any concrete information with regard to these activities, about which the shareholders' general meeting should be informed. Possible minor drawbacks in the control mechanisms, as follows above all from the findings of the internal auditor, are eliminated on an ongoing basis by applying the remedial measures taken.

The Audit Committee informs the company's supervisory board of its sessions and conclusions on a regular basis, and gives recommendations for discussion of the items which were the subject matter of the Audit Committee's sessions.