

Overall Report according to Section 118 par. 8 of the Act on Business Activities on the Capital Market, on Certain Aspects of the Shareholder's Equity of ČEZ, a. s.

Dear shareholders,

Now I will acquaint you with the Overall Explanation Report according to Section 118(8) of the Act on Business Activities on the Capital Market, on Certain Aspects of Shareholders' Equity, which is based on the requirements laid down by Sections 118(5)(a)-(k) of the Act mentioned above.

As of 31 December 2010, the registered capital of the company, as recorded in the Commercial Register, amounted to CZK 53,798,975,900. It was composed of 537,989,759 shares, each with a face value of CZK 100. The issue price of all shares had been fully paid in. All shares were booked to owner and were listed.

The registered capital of the company is allocated exclusively to common shares with no special rights attached. All shares are accepted for trading on the Prague Stock Exchange and the Warsaw Stock Exchange in the Republic of Poland and are negotiable without limitations. Neither other securities issued by the ČEZ company are limited in their negotiability, nor are any specific rights attached thereto.

Treasury shares were carried in the amount of CZK 4,619,334, which is the price for which they were acquired. Retained earnings and other reserves amounted to CZK 140,308,670.

Structure of Shareholders (%)

	Registered Capital Share	Voting Rights Share	Registered Capital Share	Voting Rights Share
	As of 31. 12. 2009		As of 31. 12. 2010	
Legal persons total	94.59	94.54	94.87	94.83
Czech republic	69.78	70.38	69.78	70.31
Other legal persons	4.02	3.19	2.34	1.59
Of which: Domestic	2.73	1.89	1.22	0.46
Of which: ČEZ, a. s.	0.85		0.76	
Third persons	1.88	1.89	0.46	0.46
Foreign	1.29	1.30	1.12	1.13
Asset Managers	20.79	20.97	22.75	22.93
Asset Managers	5.41	5.46	5.13	5.17
Of which: Domestic	5.26	5.31	4.43	4.47
Foreign	0.15	0.15	0.70	0.70

ČEZ, a. s. has no possibility to distinguish whether an Asset Manager of shares manages the shares for a real shareholder or for other Asset Managers and therefore when drafting the structure of shareholders, all subjects whose shares are managed by trustees of shares are included in the part "Asset Managers" and they are not taken into account in other parts of the table.

As of 31 December 2010, the following entities owned shares amounting over 3% of the registered capital of ČEZ, a. s.:

- The Czech Republic, represented by the Ministry of Finance of the Czech Republic and the Ministry of Labour and Social Affairs of the Czech Republic with a share amounting to 69.78% of the registered capital.

The Czech Republic's equity share allows it to exercise direct control over ČEZ using conventional means, i.e. in particular by voting at General Meetings. Other shareholders are informed of any negative influence the controlling entity may have on the Company through the Related Parties Report, which is a public document under Czech law and is included in the Annual Report. As an issuer of shares accepted for trading on the Prague and Warsaw Stock Exchanges, ČEZ, a. s. is required to inform the mentioned exchanges of all important events. The reports are made in the Czech, English and Polish languages and are also made available to the public through the Company's website.

- Asset Manager UNICREDIT BANK CZECH REPUBLIC, managing 147 accounts with shares representing an aggregate total of 9.376% of the registered capital. This Asset Manager manages shares for another subject amounting to at least 3% of the registered capital of ČEZ, a. s. at the same time, namely for Chase Nominees, amounting to 4.9% share of the registered capital.
- Asset Manager Citibank Europe plc, managing 87 accounts with shares representing an aggregate total of 5.353% of the registered capital of ČEZ, a. s.
- Asset Manager Československá obchodní banka, a. s., managing 146 accounts with shares representing an aggregate total of 3.511% of the registered capital of ČEZ, a. s.
- Asset Manager Capital Research and Management Company based in California in the United States of America, together with other companies, managing shares amounting to 3.03%.

These entities hold the rights laid down by provisions of Sections 181 and 182 of the Commercial Code.

In terms of the restrictions on voting rights associated with certain shares, the following applies: In accordance with Section 161d of the Commercial Code, the voting rights associated with treasury shares acquired by ČEZ on the basis of a General Meeting resolution are not exercised by the Company. As of 31 December 2010, ČEZ, a. s. held 4,085,021 such treasury shares.

ČEZ is not aware of any contracts among its shareholders that could result in any limitations on the negotiability of shares or voting rights.

In accordance with the Articles of Association, the Supervisory Board elects members to and removes them from the Board by a simple majority vote. Amendments to the Articles of Association are decided by the General Meeting by a qualified, two-third majority of votes present.

As the statutory body, the Board controls the Company and acts in its name. It decides on all Company matters not reserved for the General Meeting or the Supervisory Board by the Commercial Code or the Articles of Association. Except as described above, the Board has no other special powers.

ČEZ, a. s. has entered into material contracts that take effect, change, or are voided in case the control over the ČEZ company changes as a result of a takeover offer. These are: the 5th, 6th, 7th, 8th, 11th, 12th, 13th, 14th, 15th, 19th, and 20th Eurobond issues, 1st Namensschuldverschreibung issue, the exchange program, USD 300 million guarantee contract in Turkey, EUR 200 million and EUR 100 million loan agreements with the EIB concluded in 2009, further 100 million loan agreement with EIB concluded in 2010, and 200 million guarantee contract with the EIB for Romanian subsidiary company also from 2010. In all of these contracts, should there be a change in the controlling entity of the ČEZ company, the counterparty would be entitled, but not required, to demand early repayment. In the case of the guarantee contract in Turkey, the counterparty has that right only if it did not grant prior consent with the change in controlling entity.

At the same time, however, this right can be exercised only if either Standard & Poor's or Moody's rating agency publicly declares or communicates to the ČEZ company in writing that it has reduced ČEZ's credit rating due in full or in part to the change in controlling entity. Reduction in the existing credit rating is defined as a change from investment to non-investment grade, any rating lower than an originally non-investment-grade rating, or non-determination of investment grade if no rating was assigned at all. The above reduction would have to take place in the period from the time when the step that could result in the change in controlling entity was made public until 180 days after the notification of the change in controlling entity. The counterparty could not exercise its right to early repayment if, following a factual change in the controlling entity, the rating agency in question re-evaluated its position and, within the period defined above, either returned the ČEZ company to investment grade or restored the previous non-investment-grade rating. The contractual provisions on a change in control over the ČEZ company should be seen in the context of ČEZ's credit rating, which in 2010 reached A- from Standard & Poor's and A2 from Moody's, with stable outlook, i.e. 4 and 5 levels, respectively, above the agencies' highest non-investment-grade ratings. In the case of the EUR 200 million loan agreements with EIB already mentioned above, both 100 million EUR agreements and the 200 million EUR guarantee agreement, the rating change condition is not applied here; only a change in control over ČEZ, a. s.

No contracts have been entered into between ČEZ and members of its Board and/or employees that would bind ČEZ, a. s. to provide settlement in case they should leave their office and employment in conjunction with a takeover offer.

At the ČEZ company, remuneration of senior executives includes an incentive program that enables these executives to acquire Company shares. Members of the Board and selected employees were or are entitled to options on the Company's common shares under the conditions set forth in a stock option contract.

Under the rules for granting stock options approved by the General Meeting in May 2008, members of the Board and selected employees receive options for a certain

number of the Company's shares on an annual basis for as long as they remain in office. The purchase price of one share is set as the weighted average of the prices at which trades in the Company's shares took place in a regulated market in the Czech Republic during the month before the annual option granting date. Members of the Board are entitled to call upon the Company to transfer a number of shares no larger than the given option grant, no earlier than two years and no later than the mid-point of the fourth year after each option grant. The option right is restricted in that the appreciation of the Company's shares may be at most 100% compared to the purchase price and the member of the Board is obliged to hold in his or her asset account such a number of shares obtained on the basis of a call to transfer that corresponds to the value of 20% of the gain achieved at the date of the call, for as long as the stock option program shall last. Members of the Board, to whom the new option program rules apply and who also participated in the option program under principles that applied prior to May 2008, will be allowed to participate in the revised stock option program provided they fulfil the eligibility criteria and the conditions approved by the General Meeting in May 2008.

In 2010, among employees and members of the Board, there were 14 persons who obtained shares through the stock option program and owned shares during the given year. Out of this number, one person left the ČEZ group already in 2009, however, this person exercised the option rights following from the title given above only in 2010. Out of this number, two persons exercised their rights of the company shareholder to participate in the General Meeting of ČEZ, a. s. and vote and nine persons exercised their right to dividends. According to information submitted to the Company for the purpose of drawing up this report, no beneficiary of the stock options program transferred any separately negotiable right attaching to their shares to any third party.

Thank you for your attention.