



Supervisory Board Report on the results of control activities

Dear shareholders, Ladies and Gentlemen,

Allow me to report on behalf of the Supervisory Board of ČEZ, a. s. on its activities for the period since the last ordinary annual General Meeting on June 29th last year.

In compliance with the Articles of Association of ČEZ, a. s. the Supervisory Board has twelve members, eight of whom are elected and removed by the General Meeting and four are elected by employees. During the period from the annual General Meeting held on June 29th 2010 to April 21st 2011, when this report was discussed by the Supervisory Board, the following personnel changes were made:

- in August 2010 (August 12th 2010) the following members of the Supervisory Board resigned: Mr. Martin Kocourek and Mr. Ivan Fuksa, due to being appointed members of the Government of the Czech Republic,
- in the same month of August (August 12th 2010) new members were co-opted by the Supervisory Board for the period till the next General Meeting - Mr. Martin Říman and Mr. Eduard Janota,
- in September 2010 (September 30th 2010) the term of office for Supervisory Board members elected by employees - Mr. Zdeněk Židlický and Mr. Drahošlav Šimek - ended. Mr. Drahošlav Šimek was re-elected to the Supervisory Board for Supervisory Board members elected by employees. Mr. Vladimír Hronek was elected as another member of the Supervisory Board.
- further changes occurred in November 2010 (November 22nd 2010) when the Extraordinary General Meeting:
 - confirmed Mr. Martin Říman and Mr. Eduard Janota as members of the Supervisory Board
 - removed Supervisory Board members - Mr. Zdeněk Trojan, Mr. Miloš Kebrdle, Mr. Jan Demjanovič and Mr. Petr Kalaš,
 - furthermore, this extraordinary General Meeting elected new members of the Supervisory Board - Mr. Ivo Foltýn, Mr. Lubomír Lízal, Mr. Jiří Kadrnka, Mr. Jan Kohout and Mr. Lukáš Hampl,
- in February this year (February 24th 2011) Mr. Lubomír Lízal resigned from the position of Supervisory Board member by virtue of his appointment as a member of the Board of the Czech National Bank.

In the recent period (since the last annual General Meeting until April 21st 2011 when the Supervisory Board discussed this report), the Supervisory Board had eleven meetings, including one extraordinary meeting.

ČEZ, a. s.

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The Supervisory Board meeting was regularly attended by the Chairman of the Board of Directors. Depending on the subject and seriousness of the discussed issue, respective members of the Board of Directors, company employees, or representatives of consulting firms were also invited to attend the meeting in a professional capacity.

Within its auditing activities, the Supervisory Board also cooperated with the Department of Internal Audit, representatives of external auditors, and the Audit Committee of ČEZ, a. s.

The Supervisory Board has two working committees:

1. Personnel Committee of the Supervisory Board (in the recent period 5 meetings were held)
2. Strategic Committee of the Supervisory Board (in the recent period 8 meetings were held)

The Supervisory Board continually monitored the activity of ČEZ, a. s. and key decisions taken by the Board of Directors and the management, and also dealt with suggestions from its members.

In the recent period the Supervisory Board regularly discussed the effects of the external environment on the company's acquisition and investment priorities, and granted prior consent to make decisions on the implementation of a number of projects both domestically and abroad, the decision to make the merger, and the cancellation of some selected foreign equity participation.

The Supervisory Board also expressed its positive statement on the Business Plan for 2012-2015, and the ČEZ, a. s. budget for 2011, as well as the budgets for ČEZ Group subsidiaries for 2011.

In the recent period the Supervisory Board granted its prior consent to the Board of Directors on making decisions regarding the personnel area, as well as the number of members of supervisory boards at companies in which ČEZ, a. s. has a stake of over CZK 500 mil.

The Supervisory Board meeting agenda included organizational changes in the company, and the review of the Organisation Rules and Signature Rules of ČEZ, a. s., which the Board expressed its positive standpoint on.

Furthermore, the Supervisory Board discussed the determination and assessment of specific tasks of managers who are also directors and selected other executives; it also approved draft amendments to contracts for the performance of functions and amendments to the option contracts of some board members, and also approved the opening of the stock option program for selected managers.



The Supervisory Board dealt with the Effectiveness Programme which as part of the strategic priorities and key objectives of ČEZ - with significant potential impact on the company's results - was terminated after four years of operation. Some of its projects have continued as part of the newly-announced NEW VISION ("NOVÁ VIZE") program.

Furthermore, the Supervisory Board also discussed the status of ČEZ, a. s. domestic and foreign investments, the status and development of the debt capacity of the ČEZ Group, the management system and method of hedging risks in the CEZ Group, the model of ICT infrastructure, and the evaluation of advertising campaigns.

The Supervisory Board also continually dealt with issues concerning and the current state of the Nuclear Power Plant Temelín and Dukovany, the project of Temelin nuclear power plant completion, current issues in the area of power engineering legislation of the EU, information on the financial and strategic implications of the implementation of the climate-energy package on the CEZ Group, the development of contractual relations with Mostecká uhelná, a. s. and Sokolovská uhelná, a. s., trends and developments of the market share of the CEZ Group, the impacts of the external environment on the CEZ Group, and last but not least, it dealt with the issue of complex recovery and new resources. In this context, the Supervisory Board discussed regular reports on major CEZ Group investment projects, i.e. complete restoration projects, especially for Ledvice, Tušimice II, Počeradý and Prunéřov II power stations; as well as renewable energy sources - especially solar power and projects for new sources of the Nuclear Power Plant Temelín and Dukovany and the Combined Cycle Power Plant Mělník and Úžín . Within these reports, the Supervisory Board was informed on the status and development of investment projects, used technologies, vendors, construction schedule, and budget spending.

At its meetings, the Supervisory Board negotiated on a regular basis monthly, quarterly and annual economic results. I am glad to state on behalf of the Supervisory Board that we consider the economic results achieved in 2010 as good.

The Supervisory Board, in compliance with Art. 18 sec. 9 of the Articles of Association of ČEZ, a. s. and the provision of § 66a sec.10 Commercial Code, has reviewed the report on relationships among interconnected entities for 2010 without any objections.



As to other items at today's General Meeting, i.e. par. 5 and 6, I state the following standpoint of the Supervisory Board:

as to par. 5.:

The Supervisory Board in compliance with Art.18 sec. 5 letter c) of the Articles of Association of ČEZ, a. s. has reviewed:

Financial statements of ČEZ, a. s. as of 31.12.2010, incl. auditor's statement

Consolidated financial statements of the CEZ Group as of 31.12.2010, incl. auditor's statement

and advises the General Meeting to approve these annual final accounts.

as to par. 6.:

The Supervisory Board under Art. 18 sec. 5.c) of the Articles of Association of ČEZ, a. s. has reviewed the presented proposal for the distribution of profits of ČEZ, a. s. for 2010, incl. The decision on dividend and royalty payout

and advises the General Meeting to approve it

Ladies and gentlemen, dear shareholders, thank you for your attention.

Martin Říman
Chairman of the Supervisory Board of ČEZ, a. s.