



PRESS RELEASE

DATE
December 4, 2006

CEZ plans to invest in the construction of a new coal power plant in the Serb republic (Bosnia and Herzegovina)

Gacko, 4 December 2006 - Today in Gacko, the Premier of the Serb republic Mr. Milorad Dodik, and the Chairman of the Board of Directors and CEO of the CEZ Power company Mr. Martin Roman, signed an Agreement on Investment into a new coal power plant with an output of 600 to 700 MW and development of the adjacent coal mine. CEZ's future investment will reach about EUR 1.5 billion.

Based on the concluded agreement, the CEZ Power company and the power company of the Republic of Serbia - ERS¹, represented by its General Manager, Mr. Pantelija Dakić, signed the founding deeds of a new joint venture, "Nove Elektrarne RS," through which the investment will be implemented.

"The planned investment into the construction of a power plant in Bosnia and Herzegovina is another step in fulfilling our vision of becoming a leader on the Central and Eastern European electricity market. In the final summing up, it will also be the largest foreign investment by a Czech company to date, as well as the largest direct foreign investment ever in the Republic of Serbia and Bosnia and Herzegovina," said Martin Roman, Chairman of the Board of Directors and CEO of CEZ, while signing the agreement.

The registered capital of the newly founded company will be CM² 800 000 (convertible mark), and CEZ's share in the enterprise will be 51%, while the rest will belong to the company ERS. The objective of the joint venture is to prepare and implement a project for the construction of a new coal power plant in the Gacko locality, development of the adjacent coal mine and revitalisation of the existing 300 MW Gacko power plant.

Within the framework of its foreign expansion, the CEZ Group has already succeeded in purchasing three distribution companies and a power plant in Varna in Bulgaria, and has acquired a majority stake in the Electrica Oltenia distribution company in Romania. This year, the CEZ Group's production portfolio was also expanded by two Polish power plants, namely Elcho and Skawina.

Eva Novakova

Press Officer, CEZ, a. s.

¹ Full name ERS - Mjesoviti Holding "Elektroprivreda Republike Srpske Trebinje - maticno preduzece akcionarsko druzstvo Trebinje

² CM convertible mark – firmly bound to the EUR at a ratio of about 1.95 CM/EUR