

## Inside Information

### NOTICE ON CONVENING AN ANNUAL GENERAL MEETING

The board of directors of the joint-stock company **ČEZ, a. s.**, registered office in Prague 4, Duhová 2/1444, Postal Code 140 53, ID Number: 4527 4649, recorded in the Commercial Register administered by the Municipal Court in Prague, Section B, File 1581, hereby convenes an annual general meeting, to be held on 21 May 2008 at 10:00 at the Prague Congress Centre, South Hall, 5. května Street 65, Prague 4.

#### **Agenda:**

1. Opening, election of the chairman of the general meeting, minutes clerk, scrutinisers and minutes controllers.
2. Management report on the company's business activities and balance of assets for 2007 and summarised report according to Section 118(8) of the Act on capital market business operation.
3. Supervisory board report.
4. Approval of the financial statements of ČEZ, a.s. and consolidated financial statements of the ČEZ Group for 2007.
5. Decision on division of profit, including a decision on payment of dividends and royalties.
6. Decision on amendment of the company's articles of incorporation.
7. Decision on reduction of the registered capital.
8. Decision on acquisition of own company shares.
9. Decision on the volume of financial resources for provision of donations.
10. Decision on amendment of the business concept.
11. Confirmation of co-opting, recalling and election of supervisory board members.
12. Approval of contracts on execution of the function of a supervisory board member.
13. Decision on amendment of the option programme.
14. Decision on amendment of endowment insurance for members of company bodies.
15. Conclusion.

The decisive date for attendance of the general meeting is 15 May 2008. A person (entity) registered as a shareholder or administrator in the lawfully stipulated securities records at the Securities Centre as of the decisive date has the right to attend the general meeting. The execution of company shareholders' rights to handle shares will be suspended for the period from 16 May 2008 until 21 May 2008, inclusive.

#### **Reason for reduction of the registered capital and its scope. Manner in which the registered capital will be reduced and manner of handling the sum corresponding to the reduction of registered capital.**

The general meeting held on 23 April 2007 decided on the acquisition of own company shares. The aim of this decision was to optimise the company's capital structure, whereas this has been achieved through the purchase of own shares to date. The decision of the general meeting of 23 April 2007 stipulated two means of using the purchased own shares, notably to fulfil the obligations arising from the share option programme in the amount of 5

million shares, and to reduce the company's registered capital. Hence, the proposed reduction of the registered capital is a reaction to the previous decision of the company's general meeting, which will also enable the continued purchase of own shares and further optimisation of the company's capital structure.

The registered capital will be reduced from a sum of CZK 59 221 084 300 (in words: fifty-nine billion two hundred twenty-one million eight-four thousand three hundred Czech crowns) to a sum of CZK 53 798 975 900 (in words: fifty-three billion seven hundred ninety-eight million nine hundred seventy-five thousand nine hundred Czech crowns), meaning by a sum of CZK 5 422 108 400 (in words: five billion four hundred twenty-two million one hundred eight thousand four hundred Czech crowns).

Reduction of the registered capital will be performed by voiding 54 221 084 (in words: fifty-four million two hundred twenty-one thousand four hundred) own shares with a nominal value of CZK 100 per share, i.e. their deletion from the record of book-entered securities. The sum of reduction of the registered capital will not be paid to shareholders or transferred to other own resources; it will be used only to reduce the balance on the account on which the value of registered capital is accounted.

The voiding of own shares in the company's assets will be reported in accounting by a reduction of the registered capital by the nominal value of the voided shares, and the difference between the acquisition price and nominal value of the voided shares will also be reduced by retained losses from past years.

**Essential characteristics of the proposed amendment of the articles of incorporation:**

Gas trading (Article 5(1) letter x1) is added to the company's subject of business.

Article 10(2) stipulating the obligations of shareholders upon attaining a certain share in the company voting rights, is amended in accordance with the legal regulation arising from the new Act on takeover bids, effective from 1 April 2008.

Article 13(1) letter m), which currently stipulates the competence of the general meeting to decide on investment ventures in excess of one third of the equity according to the consolidated financial statements, is amended. The proposal suggests amendment of the competences of the general meeting so that it will grant approval for the conclusion of contracts, based on which the company should acquire or sell assets, if the value of such assets in the course of one accounting period exceeds one third of the equity according to the last duly consolidated financial statement. This amendment will result in stricter application of the provision of Section 193(2) of the Commercial Code on the competences of the general meeting.

Application of the same provision of the Commercial Code is also apparent in the proposal for supplementation of Article 19 and Article 24, which regulate the obligation of the board of directors to submit proposals for the conclusion of such contracts likewise to the supervisory board for approval /Art. 19(9) letter m)/, with supplementation of the corresponding competences of the general meeting /Art. 24(6) letter m)/; in this respect, it is a formal amendment because the obligation of both company bodies to proceed in the said manner follows even now from the provision of the Commercial Code cited above.

In accordance with the amendment of the law, the approval of contracts according to Section 67a of the Commercial Code is included among the matters on which the general meeting decides by a two-thirds majority of the votes of the present shareholders /Art. 17(5) letter e)/.

The provisions regulating the competence of the general meeting to decide on the sale and lease of real estate is merely reformulated, to avoid any doubts in its application /Art. 19(8) letter k)/.

The amendment of mutual competences of the board of directors and supervisory board in approving the handling of the company's asset participations in other legal entities is proposed, whereas the proposed amendment aims to eliminate certain existing uncertainties in interpretation. The competence of the supervisory board to grant preliminary approval is preserved for all handling of asset participations in excess of CZK 500 million, and the competence of the supervisory board is specified in the form of preliminary approval of handling in cases when, in consequence of handling, the company's share in a different legal entity exceeds one third or one half or two thirds, or if it declines to below this limit /Art. 19(9) letter c) and Art. 24(6) letter c)/. The obligation of the board of directors to inform the supervisory board of the handling of asset participations in other legal entities in all other cases, when handling is not submitted to the supervisory board within the framework of preliminary approval /Art. 19(11) letters h) and i) and Art. 24(8) letters h) and i)/ is also amended.

The number of members of the board of directors is increased to six (five members to date) /Art. 20(1)/. Differentiation of the first and second deputy chairman of the board is added (two deputy chairman without difference to date) /Art. 20(3)/ and it is formally specified that the board of directors and supervisory board elect and recall their chairman and deputy chairmen /Art. 20(3) and Art. 25(4)/. In connection to the changed number of members of the board of directors, the manner of decision-making by the board of directors is amended /Art. 22(1)/. The convening of meetings of the board of directors, their conducting and *per rollam* voting is also amended /Art. 22(3) to (8)/.

Furthermore, some minor changes in the formulation of the text of the articles of incorporation are proposed, the sole purpose of which is to take into account more precisely the wording of the law; these arise from the amendment of certain laws or coming into effect of new laws /e.g. Art. 13, Art. 19/.

**The proposed amendment to the articles of incorporation is available to all shareholders for viewing** at the company's registered office in Prague 4, Duhová 2/1444, and also at building Duhová 1 (new building E), in both buildings on the bulletin board in the foyer, on business days from 8:00 to 15:00 from 16 April 2008 until the date of the general meeting. Shareholders have the right to request the sending of a copy of the proposed amendment of the articles of incorporation at their own expense.

**Registration of shareholders** will start at 9:00 on the date and at the location of the general meeting.

Shareholders – natural persons – prove their identity using an identification document. Persons acting on behalf of legal entities, in addition to their ID document, also present a document proving the existence of the legal entity and their authorisation to act on behalf of this legal entity. Shareholders' authorised representatives must also present power of attorney with the officially certified signature of the principal.

If the shareholder is a foreign natural person, he/she proves his/her identity using a passport. His/her authorised representative must present officially certified power of attorney. If the shareholder is a foreign legal entity, he also presents a certified document proving the existence of the legal entity, as well as officially certified power of attorney if he is not the statutory body.

The documents presented for identification by foreign shareholders or their authorised representatives must be super-legalised or certified (apostil), unless the Czech Republic has concluded an agreement on legal assistance with the country in which the shareholder resides or has its registered office.

**Key data from the financial statements of ČEZ, a.s. for 2007 according to IFRS (CZK mil.):**

total assets, net	312 654	total liabilities	312 654
fixed assets, net	280 667	equity	149 448
long-term tangible assets,		long-term liabilities	91 319
nuclear fuel and investments	171 494	deferred tax liability	11 557
other fixed assets	109 173	short-term liabilities	60 330
current assets, net	31 987		
operating revenues	101 155		
operating costs	-64 647		
other costs and revenues, net	479		
profit before tax	36 987		
profit after tax	31 272		

**Key data from the consolidated financial statements of the ČEZ Group for 2007 according to IFRS (CZK mil.):**

total assets, net	370 942	total liabilities	370 942
fixed assets, net	313 081	equity	184 226
long-term tangible assets,		long-term liabilities	107 544
nuclear fuel and investments	277 165	deferred tax liability	17 153
other fixed assets	35 916	short-term liabilities	62 019
current assets, net	57 861		
operating revenues	174 563		
operating costs	-121 360		
other costs and revenues, net	-2 052		
profit before tax	51 151		
profit after tax	42 764		

All the contractual relations described in the **Report on relations between related entities** for the accounting term of 2007 were concluded under the usual contractual conditions, whereas the contracted and provided fulfilment or counter-fulfilment corresponded to the usual conditions of business transactions, and ČEZ, a.s. did not incur any damages.

The **financial statements of ČEZ, a.s., consolidated financial statements of the ČEZ Group and report on relations between related entities is available to all shareholders for viewing** at the company's registered office in Prague 4, Duhová 2/1444, and also at

building Duhová 1 (new building E), in both buildings on the bulletin board in the foyer, on business days from 8:00 to 15:00 from 16 April 2008 until the date of the general meeting.

Costs related to attending the general meeting are borne by the shareholders.

Board of Directors of ČEZ, a.s.