CEZ GROUP: THE LEADER IN POWER MARKETS OF CENTRAL AND SOUTHEASTERN EUROPE

Investment story, November 2013

DISCLAIMER

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In preparation of this document we used certain publicly available data. While the sources we used are generally regarded as reliable we did not verify their content. CEZ does not accept any responsibility for using any such information.

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CEZ GROUP IS AN INTERNATIONAL UTILITY WITH A STRONG POSITION IN CEE

CEZ Group in Poland
(100% stake in Skawina, 100% in Elcho)

Electricity generation, gross (TWh)	2.3
Market share	**1.4%**
Installed capacity (MW)	730
Market share	**2.0%**
Number of employees	427
Sales (EUR million)	130

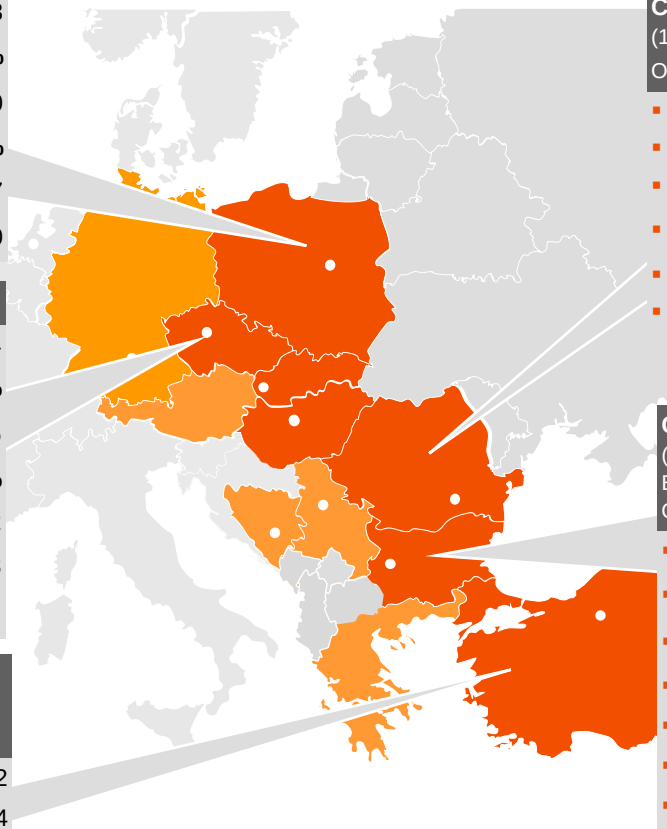
CEZ Group in the Czech Republic

Electricity generation, gross (TWh)	64
Market share	**72%**
Number of connection points (million)	3.6
Market share	**61%**
Installed capacity (GW)	13.2
Number of employees	20,853
Sales (EUR million)	6,596

CEZ Group in Turkey
(50% stake in SEDAS through AkCez, 37.36% stake in Akenerji)

El. sales to end customers (TWh)	8.2
Number of connection points (million)	1.4
Market share	**6.5%**
Installed capacity (MW)	738
Market share	**1.1%**

Energy Assets Active subsidiary
Trading Activities



CEZ Group in Romania
(100% stakes in CEZ Distributie, CEZ Vanzare, Tomis Team, Ovidiu Development, TMK Hydroenergy Power)

El. sales to end customers (TWh)	3.6
Number of connection points (million)	1.4
Market share	**15%**
Installed capacity	618 MW
Number of employees	1,844
Sales (EUR million)	417

CEZ Group in Bulgaria
(67% stake in CEZ Razpredelenie Bulgaria, CEZ Electro Bulgaria, 100% in TPP Varna, 100% in Free Energy Project Oreshets)

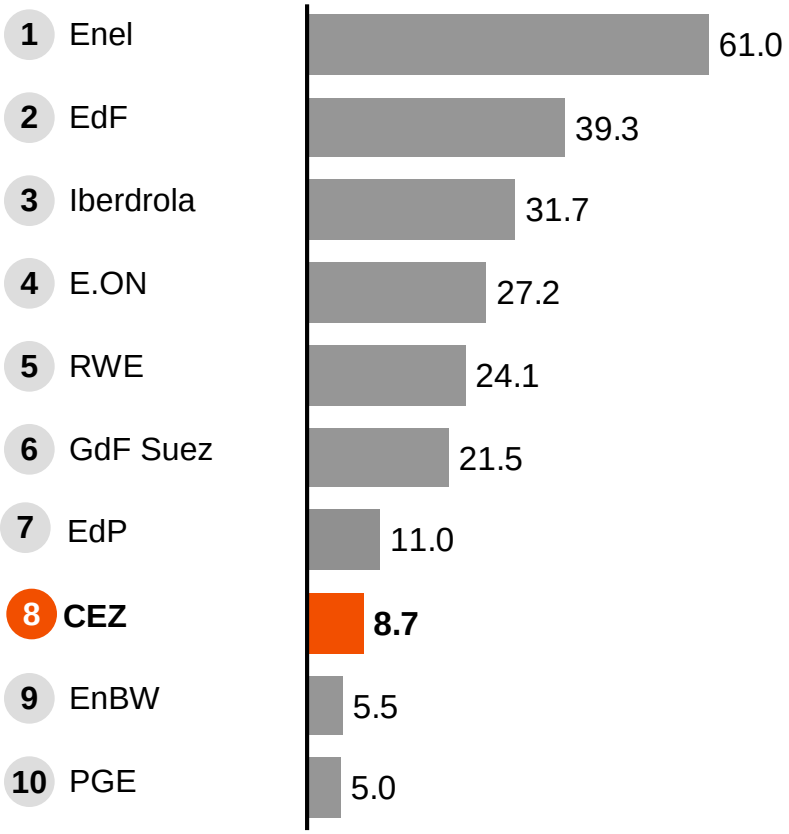
El. sales to end customers (TWh)	10.1
Number of connection points (million)	2.1
Market share	**42%**
Installed capacity (MW)	1,265
Market share	**11.9%**
Number of employees	3,796
Sales (EUR million)	837

Source: CEZ, national statistics, data for 2012, market shares for 2011, CZK/EUR 25.14

CEZ GROUP RANKS AMONG THE TOP 10 LARGEST UTILITY COMPANIES IN EUROPE

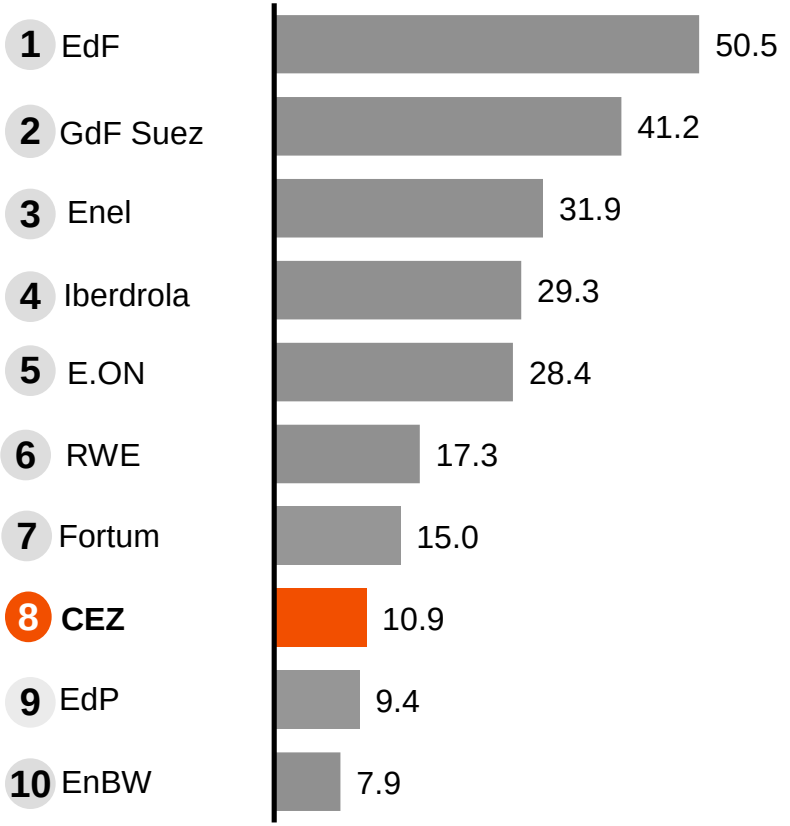
Top 10 European power utilities

Number of customers in 2012, in millions



Top 10 European power utilities

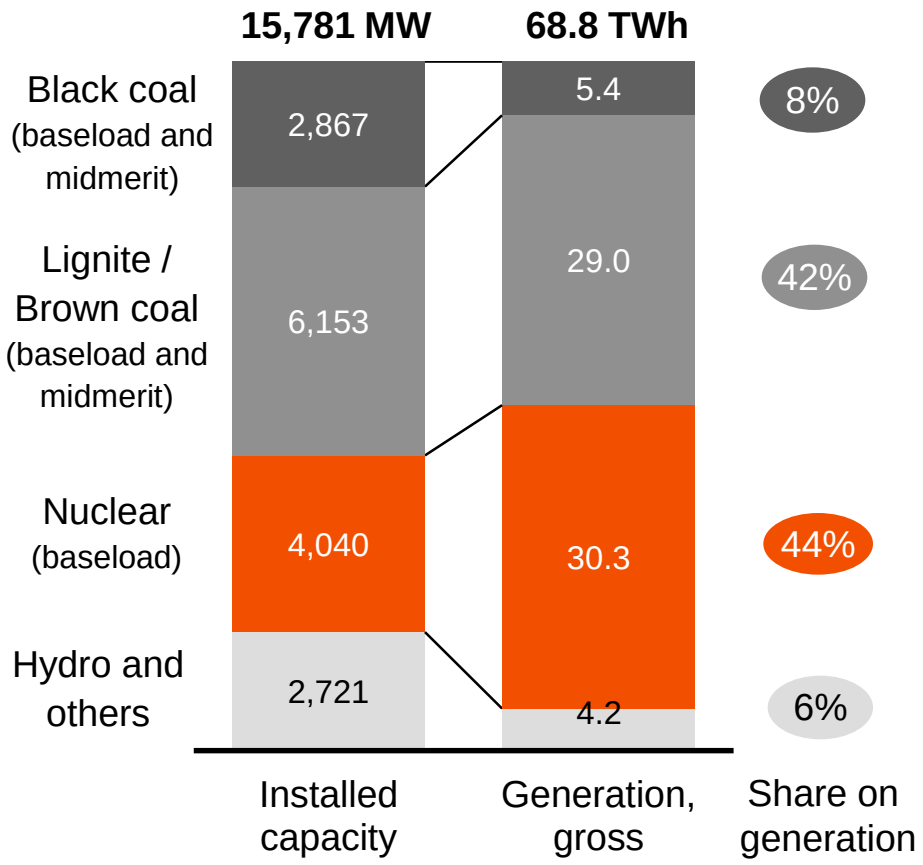
Market capitalization in EUR bn, as of November 26, 2013



Source: Bloomberg, Annual reports, companies´ websites and presentations

CEZ GROUP IS BENEFITING FROM LOW COST GENERATION FLEET

Installed capacity and generation (2012)

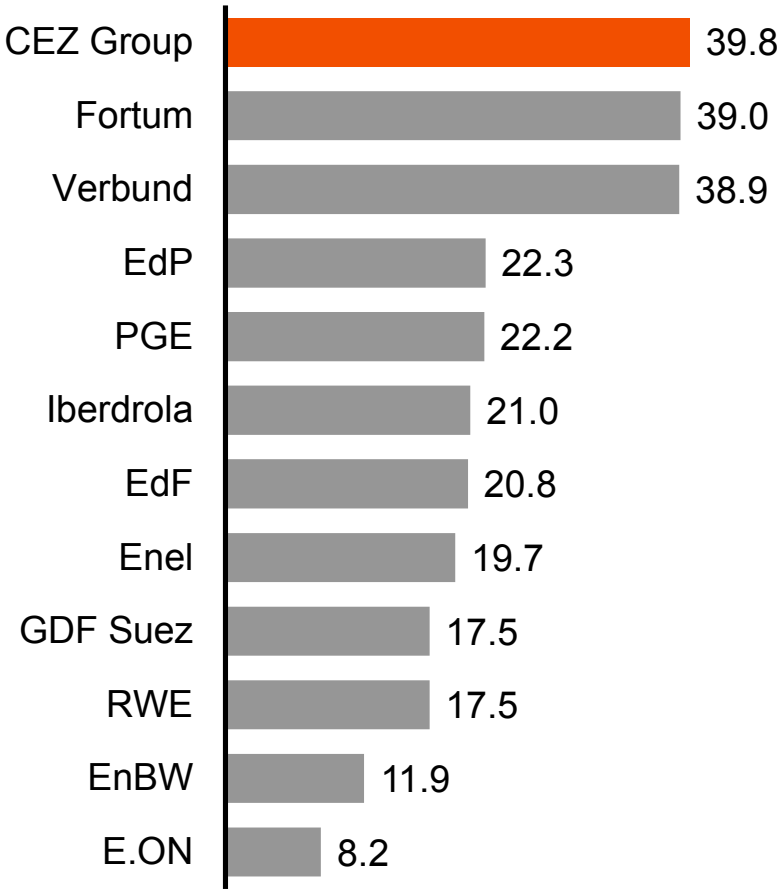


- **Coal power plants are using mostly lignite from CEZ's own mine** (63% of lignite needs sourced internally, remaining volume through long term supply contracts)
- **Nuclear plants have very low operational costs**

CEZ has a long-term competitive advantage of low and relatively stable generation costs

CEZ GROUP IS ONE OF THE MOST PROFITABLE EUROPEAN UTILITIES

EBITDA* margin, 2012
Percent



Source: company data, * EBITDA as reported by companies

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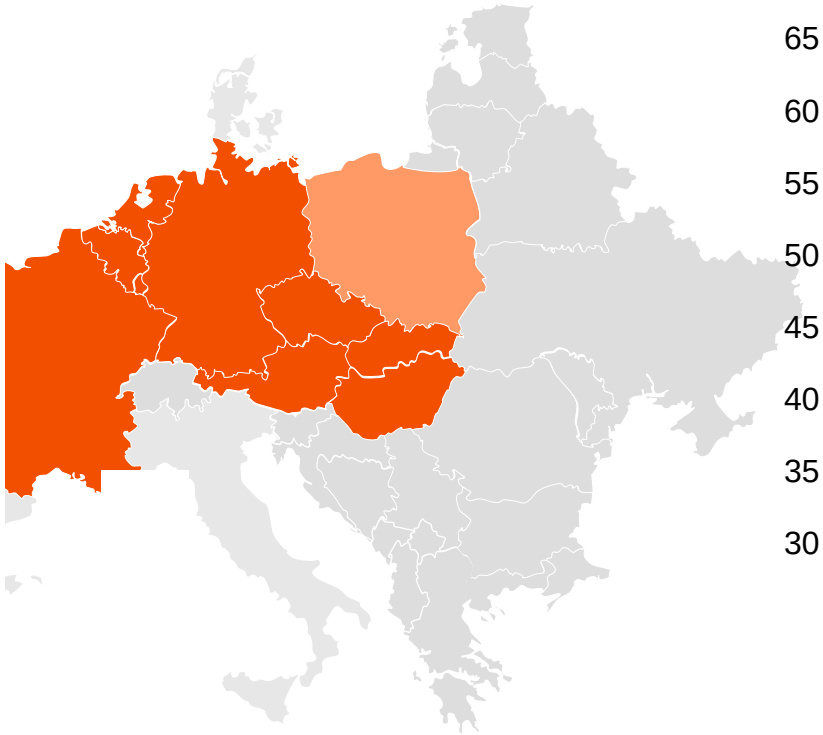
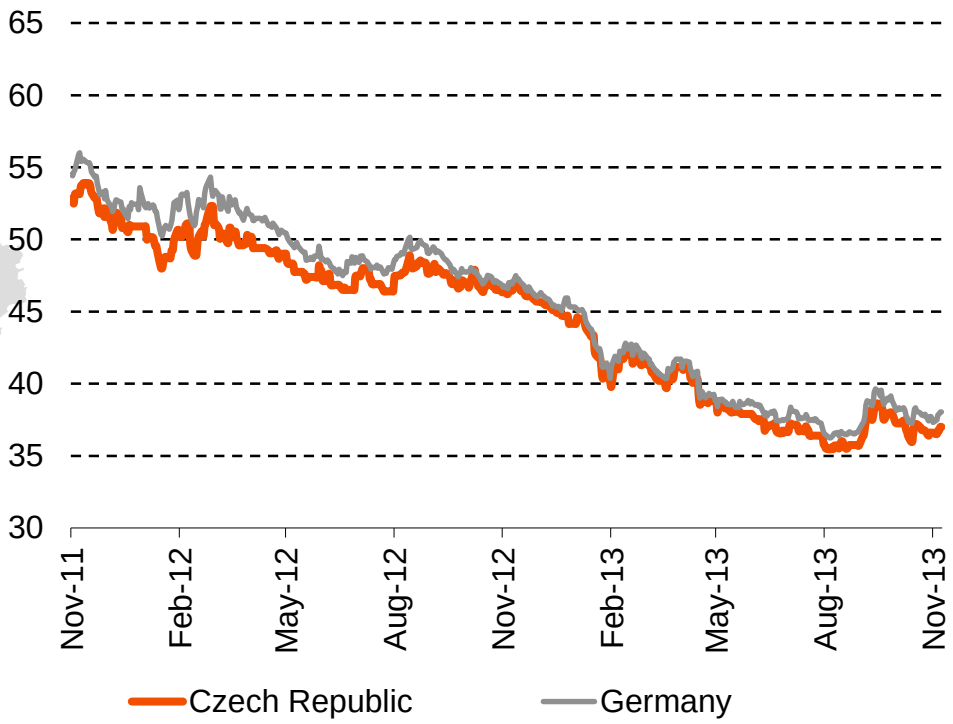
CZECH MARKET IS AN INTEGRAL PART OF WIDER EUROPEAN ELECTRICITY MARKET

- Czech power prices are fully liberalized and are driven by the same fundamentals as German market
- There are no administrative interventions from the side of the government

European electricity market

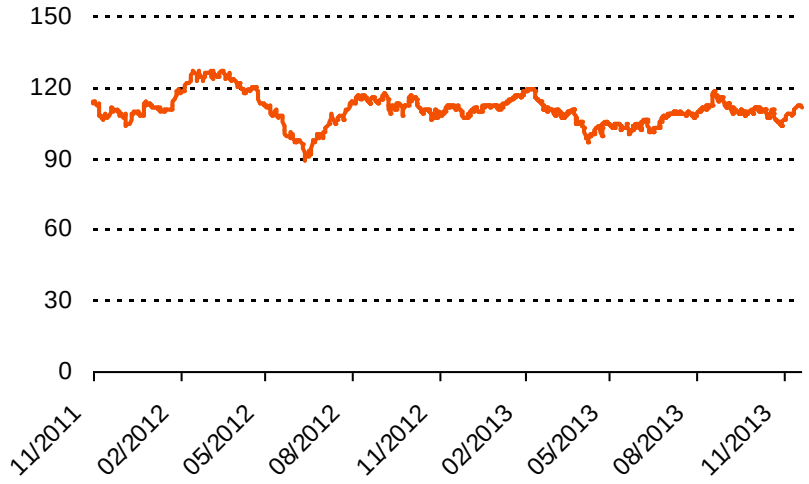


Price of electricity (year-ahead baseload, €/MWh)

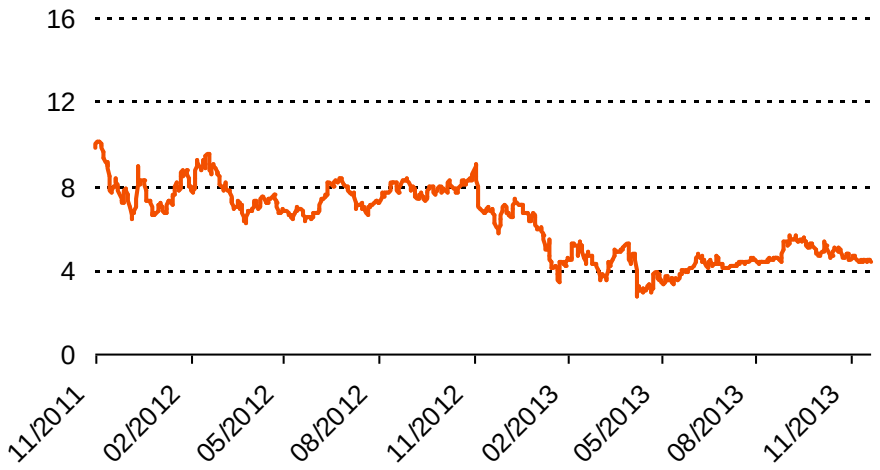


HISTORICAL DEVELOPMENT OF PRICES OF INPUT COMMODITIES

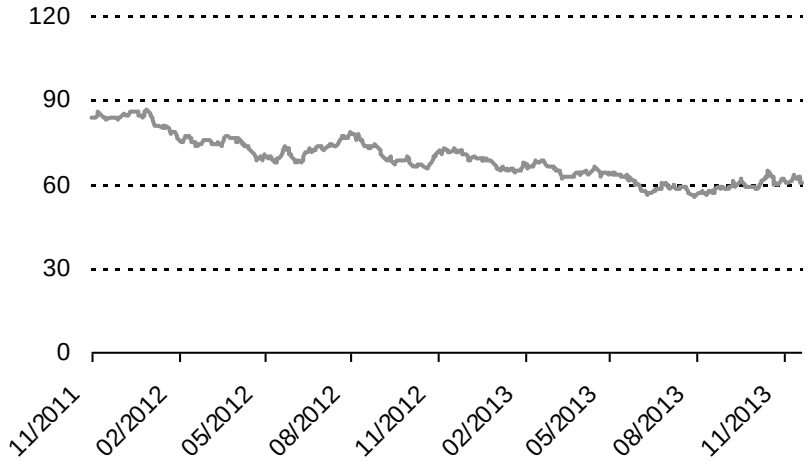
Oil Brent (USD/bl)



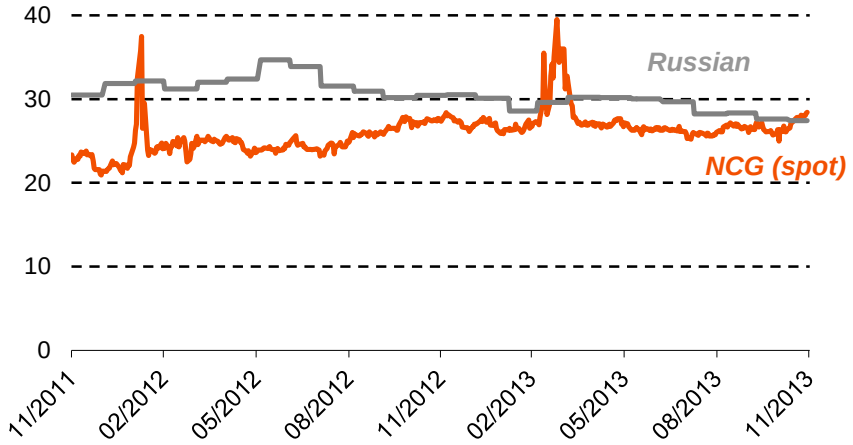
CO_2 allowances (EUR/t)



Coal (EUR/t)

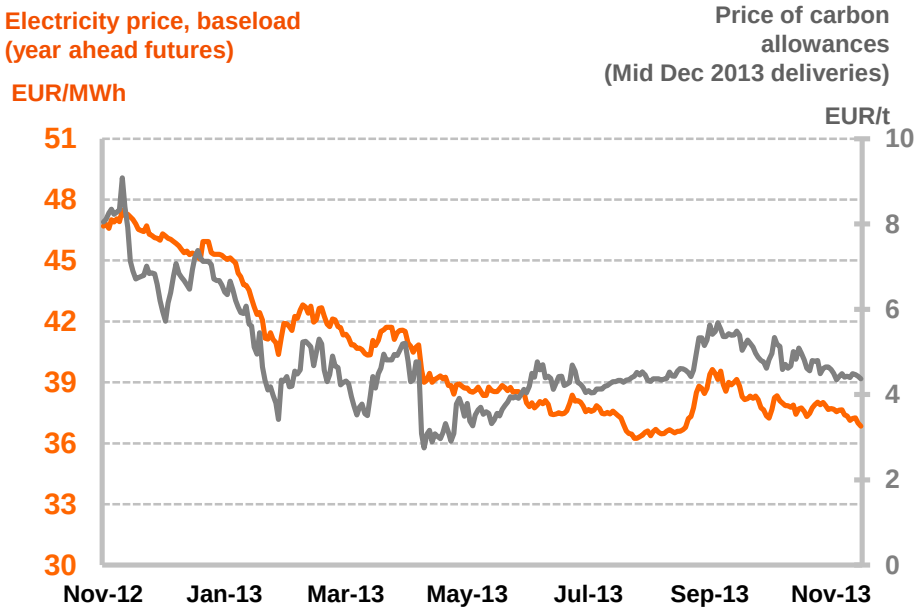


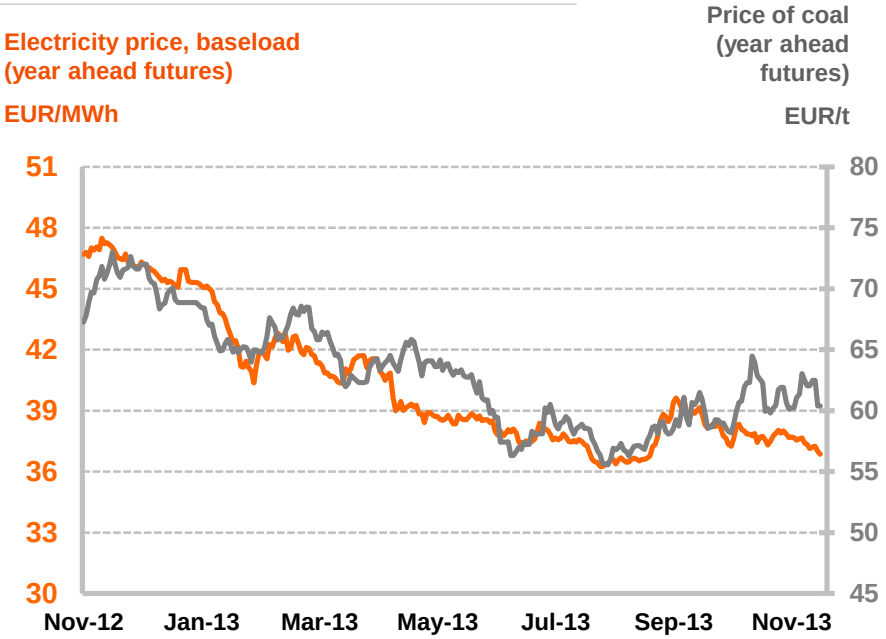
Gas (EUR/MWh, in Germany)



Note: next month deliveries, spot, CO2 – Mid Dec delivery

POWER PRICE DECLINE IS DRIVEN PRIMARILY BY FALLING PRICES OF CARBON ALLOWANCES AND COAL





Prices of EUA allowances are at low levels

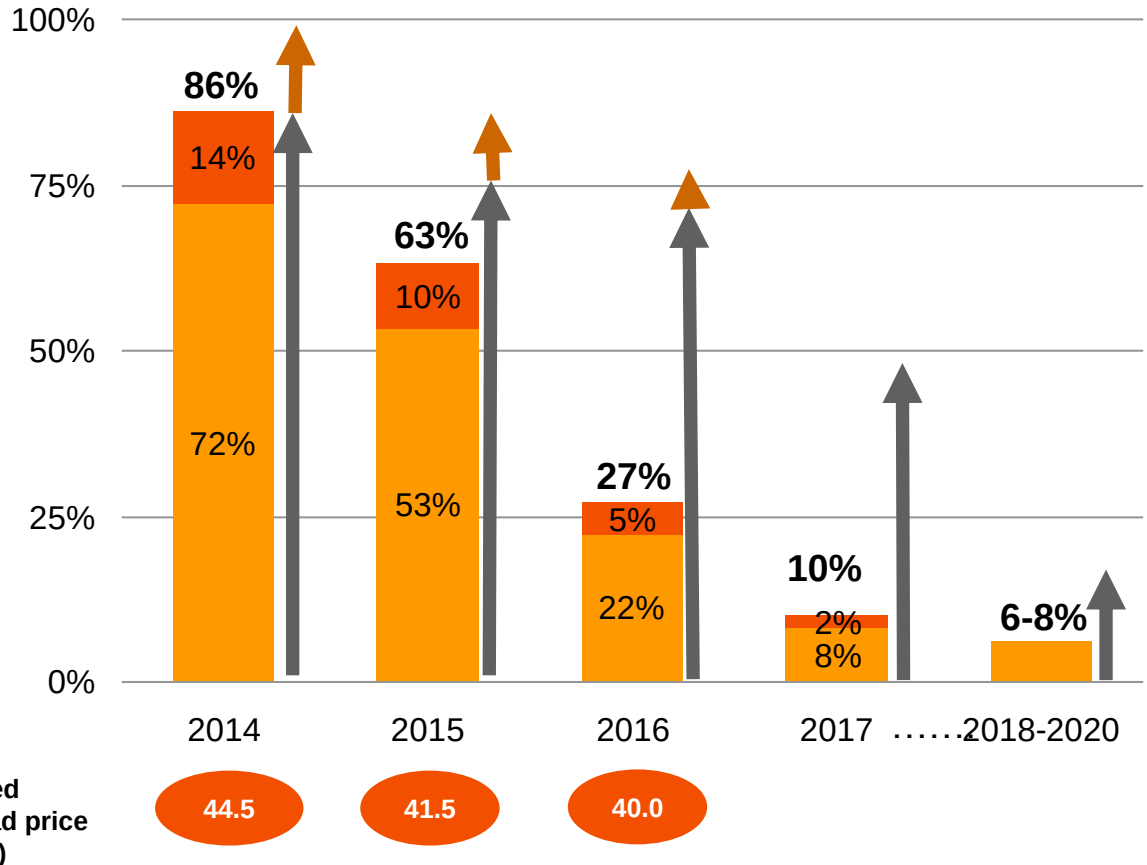
- On July 3, 2013 the European Parliament approved compromise proposal on backloading, which will be discussed in a trialogue. However prices of emission allowances remained more or less stable around 4 EUR/t.
- The European Commission is preparing "structural reforms" of the system, yet their form and success still remain uncertain.

Prices of coal remain depressed

- Prices have dropped by 16%y-o-y
- Weakening growth of global economy and growing volumes of shale gas extraction are the probable reasons

CEZ CONTINUES HEDGING ITS REVENUES FROM SALES OF ELECTRICITY IN LINE WITH STANDARD POLICY

Share of hedged generation from CEZ* power plants
(as of Nov 1, 2013, 100 % corresponds to 55 – 58 TWh)



- ČEZ, a. s., applies a standard concept of hedging its open positions from electricity generation portfolio against price risks and of hedging currency risk
- Within this strategy ČEZ, a.s. sells electricity on forward basis for years Y+1 to Y+3 and hedges currency for years Y+1 to Y+5
- ČEZ, a. s. concluded new long-term contracts with delivery by 2020

Electricity hedging

Hedged volume from August 1, 2013 to November 1, 2013

Hedged volume at August 1, 2013

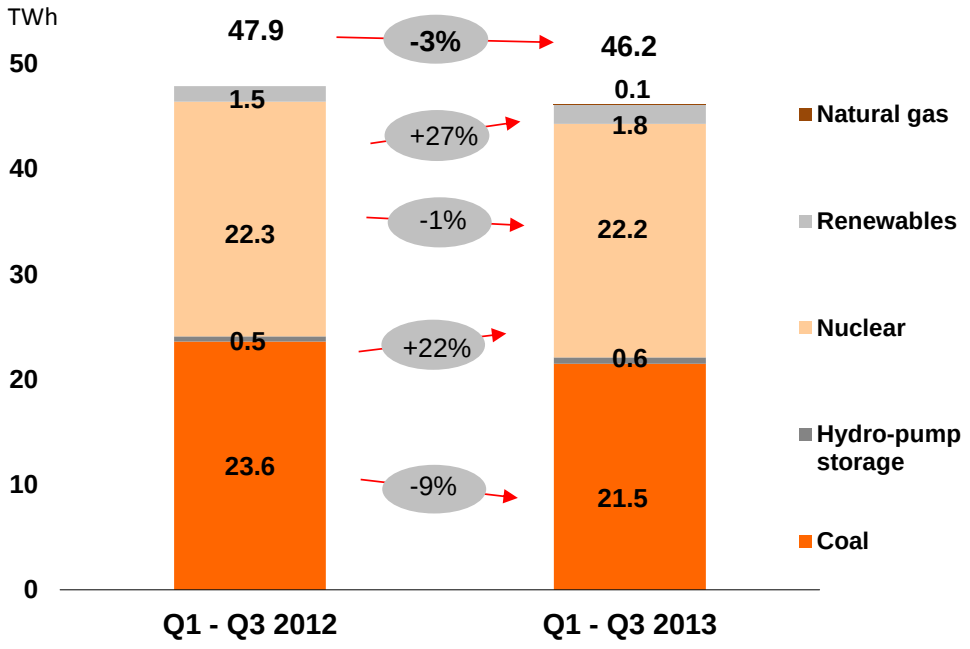
Currency hedging

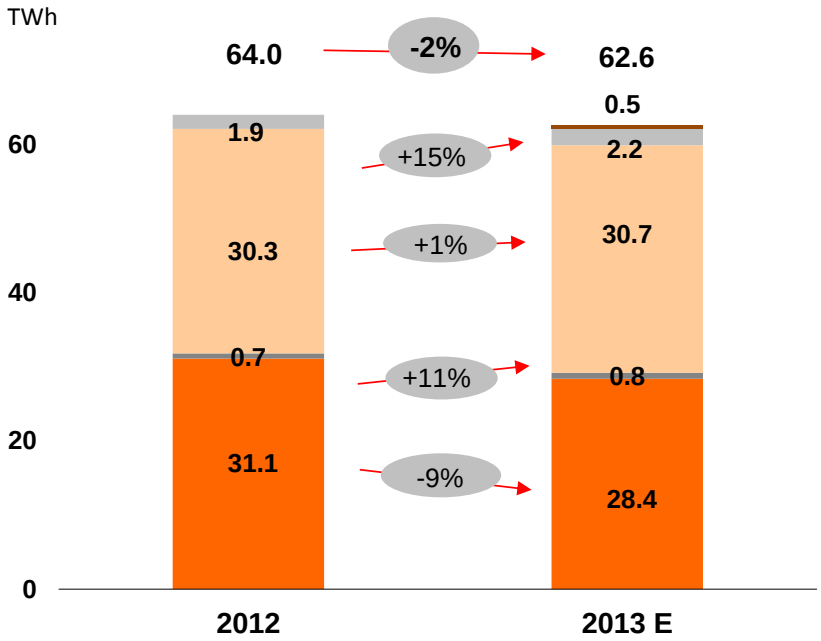
Transaction currency hedging (hedge accounting)

Natural currency hedging – costs, investment and other expenses, debts in EUR (hedge accounting)

*CEZ=ČEZ a.s., including spun-off coal power plants Počerady, Chvaletice and Dětmarovice

CZ – YEAR-ON-YEAR DECREASE IN PRODUCTION REFLECTS REFURBISHMENT OF 3 PRUNÉŘOV UNITS AND SALE OF CHVALETICE





Nuclear power plants (-1%)

– Longer shutdown periods of Temelín Nuclear Power Plant

+ Shorter shutdown periods and increased available capacity of Dukovany Nuclear Power Plant

Coal-fired power plants (-9%)

– Start of comprehensive renewal of three units at Prunéřov II Power Plant on September 1, 2012

– Reduced fuel deliveries

Nuclear power plants (+1%)

+ Shorter shutdown periods at Dukovany Nuclear Power Plant

+ Increase of available capacity of Temelín Nuclear Power Plant

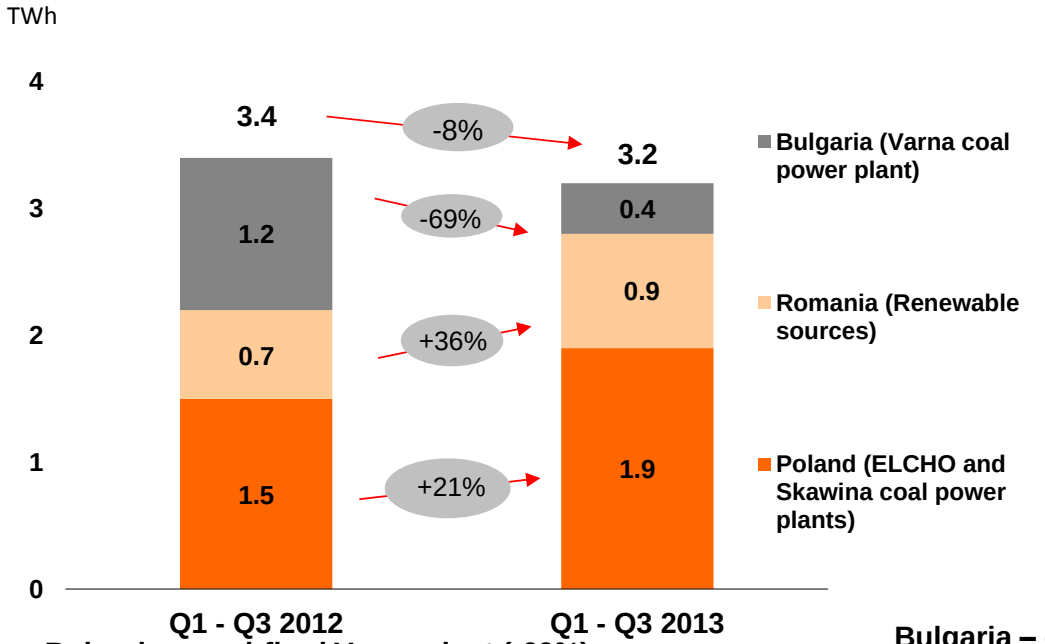
Coal-fired power plants (-9%)

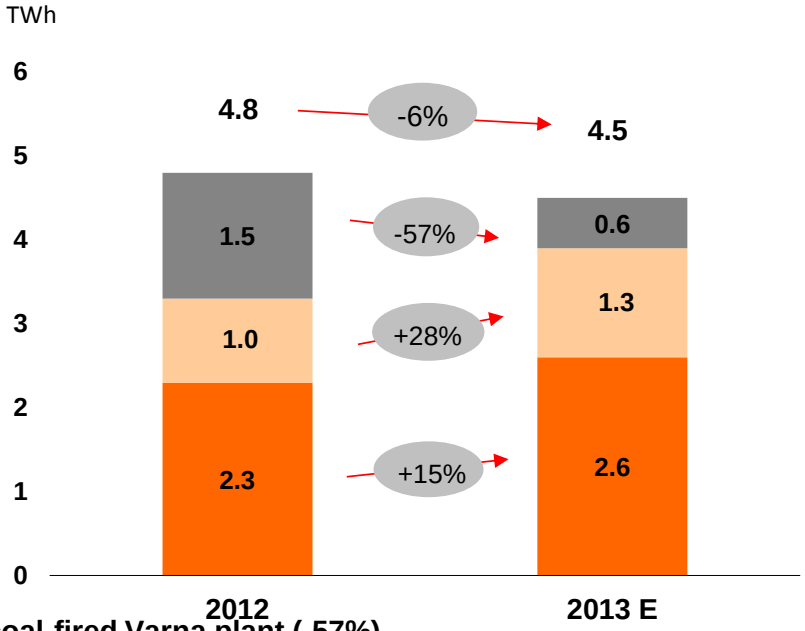
– Lower fuel deliveries

– Year-round comprehensive renewal of three units of Prunéřov II Power Plant

– Sale of Chvaletice Power Plant

ABROAD – REDUCED PRODUCTION IN BULGARIA PARTIALLY COMPENSATED BY GROWTH IN POLAND AND ROMANIA





Bulgaria – coal-fired Varna plant (-69%)

– Lower demand for deliveries to the regulated market, in particular lower activation of cold reserve and lower quota production

Romania RES (+36%)

+ Production running at all 240 wind turbines in Fântânele & Cogealac

Poland – coal-fired ELCHO & Skawina plants (+21%)

+ Higher production at the Skawina Power Plant due to a more favourable contract for coal than in 2012

Bulgaria – coal-fired Varna plant (-57%)

– Lower demand for deliveries to the regulated market, in particular lower activation of cold reserve and lower quota production

Romania RES (+28%)

+ Production running at all 240 wind turbines in Fântânele & Cogealac

Poland – coal-fired ELCHO & Skawina plants (+15%)

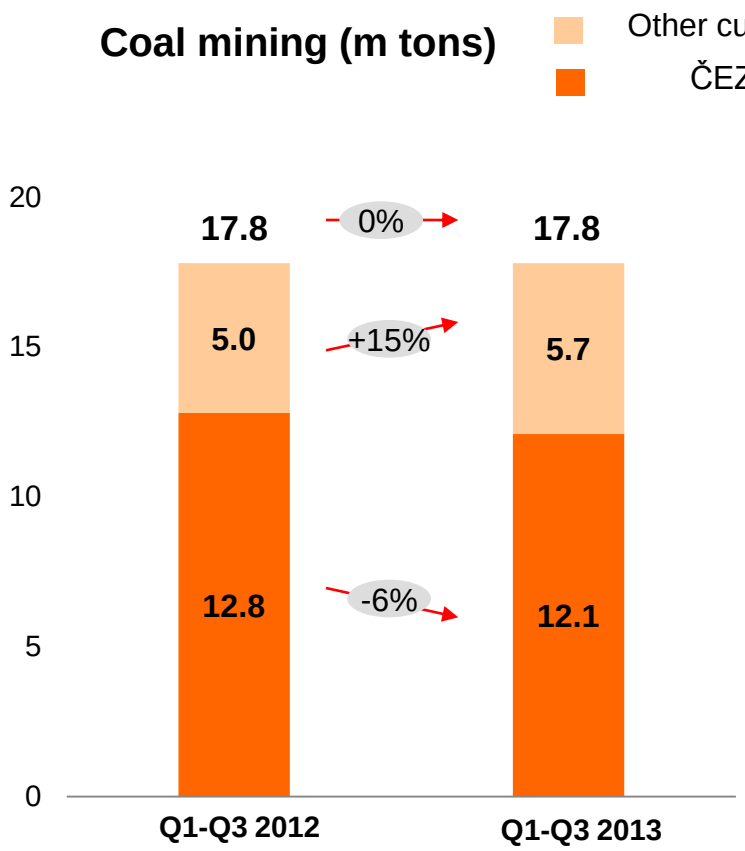
+ Higher production at the Skawina Power Plant due to a more favourable contract for coal than in 2012

+ 2012 production in the ELCHO power plant affected by planned boiler repairs

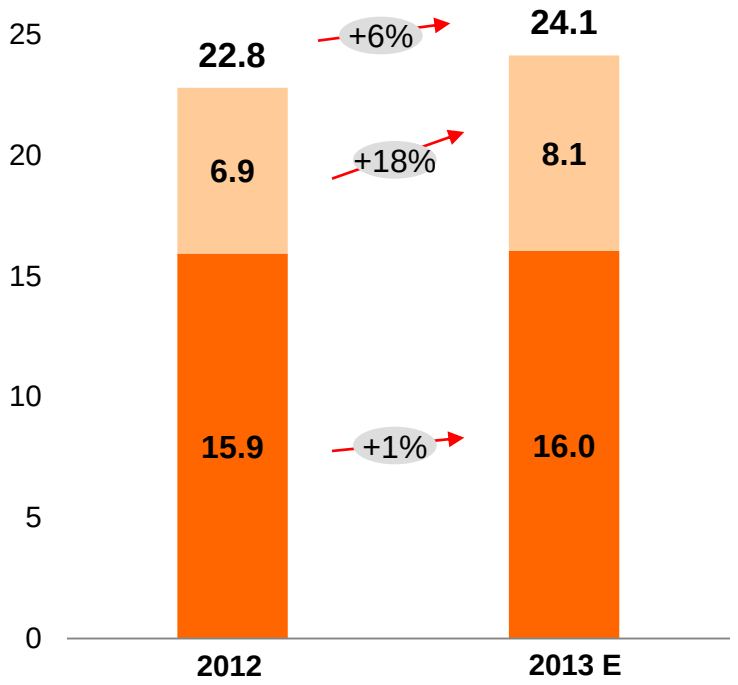
+ Borek small hydroelectric power plant launched in May 2013

SEVEROČESKÉ DOLY

EXPECTING MORE COAL EXTRACTED IN 2013



- Lower quantities of coal taken by ČEZ* for their power plants compensated by higher sales to other customers

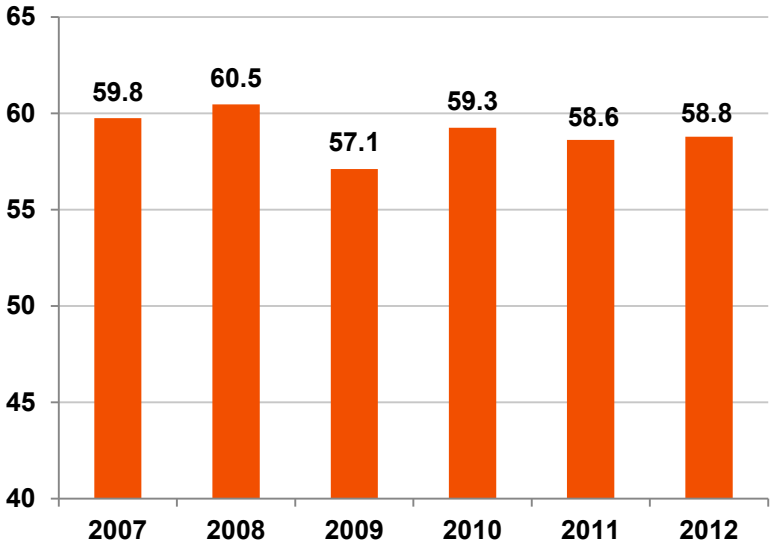


- We expect a greater coal mining volume due to both rising deliveries to ČEZ* and especially higher demand by other customers

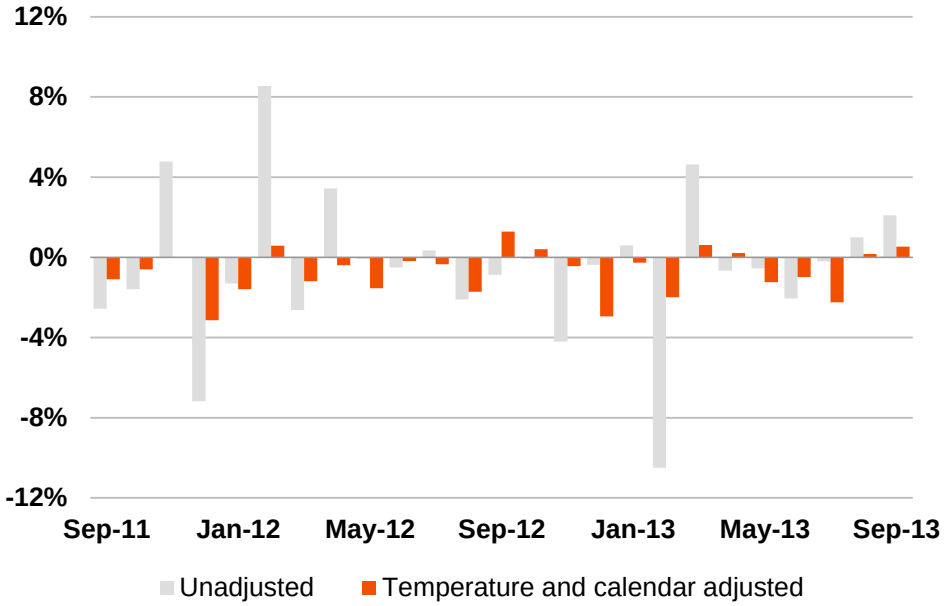
ČEZ* = ČEZ, a. s. including spun-off coal-fired power plants in Počerady and Chvaletice

ELECTRICITY CONSUMPTION IN THE CZECH REPUBLIC

Electricity demand in the Czech Republic (TWh)



Y-o-y monthly indexes of demand in the Czech Republic



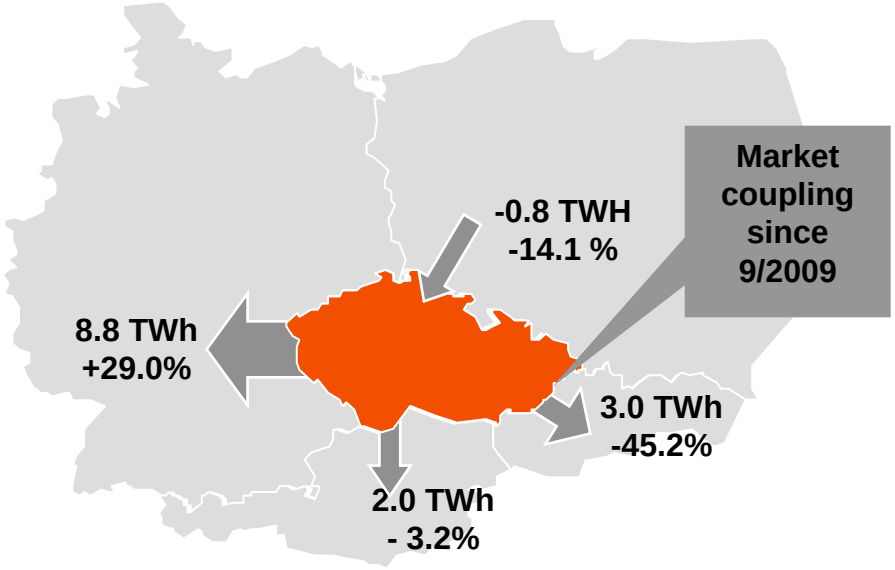
- In Q1 –Q3 2013 temperature adjusted electricity consumption decreased by 0.1% y-o-y in the Czech Republic
- Unadjusted consumption of individual segments in Q1-Q3 2013 was as follows :
  - -2.1 % wholesale customers
  - +2.8 % households
  - +1.9 % small business

Source: CEZ, ERU

CZECH REPUBLIC REMAINS NET EXPORTER OF ELECTRICITY

Balance of cross border trades of the Czech Republic in 9M 2013

(Net exports in TWh, y-o-y changes in %)

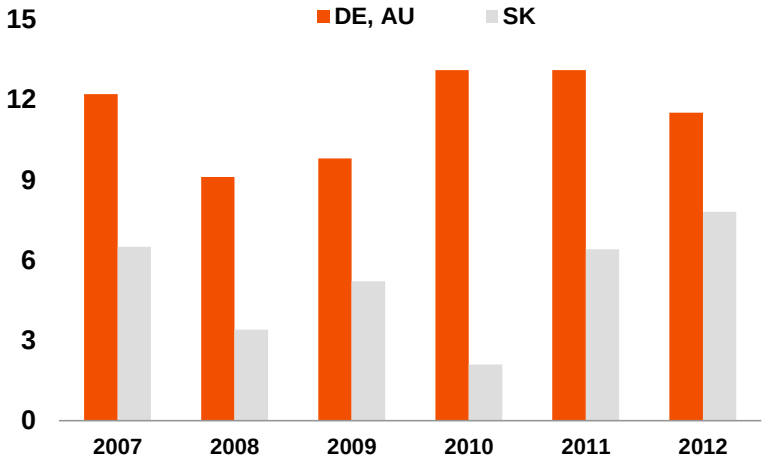


Total net exports: 12.8 TWh, -10.5%

- CEZ is selling electricity on the wholesale market
- Czech Republic remains net exporter of power
- There are no bottlenecks on the borders (except Poland)

Development of balance of cross border trades

TWh



TWh	2009	2010	2011	2012	9M 2013
DE, AU	9.8	13.1	13.1	11.5	10.8
SK	5.2	2.1	6.4	7.8	3.0
PL	-0.7	-0.5	-2.1	-1.5	-1.0
	14.3	**14.8**	**17.5**	**17.8**	**12.8**

Source: CEPS

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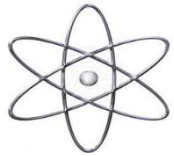
WE UPDATE AND SPECIFY OUR STRATEGY IN THE CONTEXT OF ENERGY MARKET DEVELOPMENTS

DEVELOPMENT OF STRATEGIC PROGRAMMES TO DATE

Programme		Status/Fulfilment
	**NUCLEAR SOURCES**	▪ Temelín NPP: Our decision on EPC contract signature postponed by 12-18 months; negotiations on conditions for financial feasibility of Temelín Units 3 and 4 continue ▪ Dukovany NPP: The Dukovany Long-Term Operation project continues
	**FUEL PROCUREMENT**	▪ Main goals achieved (coal for Pocerady Power Plant ensured ▪ Conditions for final termination of EC investigation met ▪ Optimisation of plants outside coal districts continues
	**PERFORMANCE**	▪ Cost cuts on support services in the Czech Republic realised ▪ Investments adapted to our available funds ▪ Ongoing emphasis on internal efficiency
	**REGIONAL ENERGY**	▪ Activities originally pursued under Regional Energy are incorporated partly in standard operations and partly in a new strategic programme, “New Energy”
	**RENEWABLE SOURCES**	▪ Narrowing our short-term goal for portfolio development and optimisation by divesting selected assets/shares from our portfolio

CEZ GROUP'S CURRENT STRATEGY CONSISTS OF SEVEN STRATEGIC PROGRAMMES:

	Strategic programme	Programme goals
1	**New nuclear sources**	▪ Ensure conditions for the financial feasibility and financing ability of Temelín Units 3 & 4
2	**Long-term operation of Dukovany NPP**	▪ Extend the service life of the Dukovany nuclear power plant until at least 2025 while ensuring the required rate of return
3	**Consolidation abroad**	▪ Maximise cash flow to ČEZ, a. s. ▪ Lower exposure on unatractive markets and increase focus on countries with higher political and economic stability
4	**Renewable sources**	▪ Develop, build, and operate a RES portfolio with an attractive IRR ▪ Optimise the existing portfolio by divesting selected projects or stakes
5	**Customer orientation**	▪ Improve customer experience across the CEZ Group ▪ Use new products to capitalise on the existing customer base ▪ Improve brand perception
6	**New Energy**	▪ Develop new business activities mainly in the distributed and "small" energy sector focusing on the end customer
7	**Performance and Entrepreneurship**	▪ Strengthen entrepreneurial spirit and financial management while achieving additional savings ▪ Define a staff development programme to improve the Group's performance and value

IRR – Internal rate of return

NEW NUCLEAR UNITS AT TEMELIN: TENDER CONTINUES BUT CONTRACT SIGNATURE IS DELAYED

EPC Contractor selection procedure continues but the deadline for final decision on such a major investment will be set only after fulfillment of the following conditions:

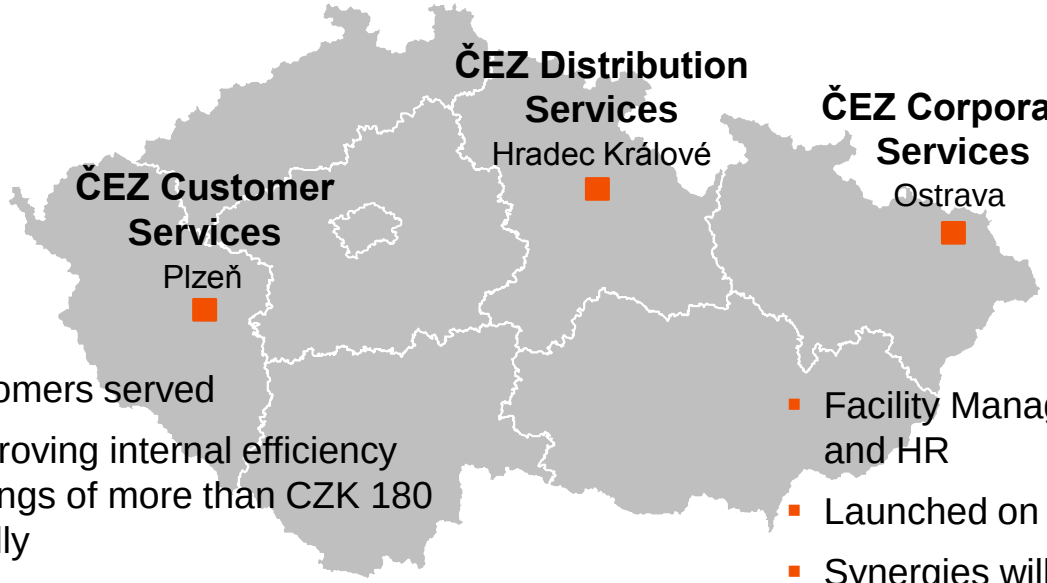
- Compliance with the newly approved National Energy Strategy of the Czech Republic is confirmed
- Basic conditions allowing acceptable return on investment are secured

Selection of the tender winner has been delayed from the original deadline of the end of 2013

Reactor	Bidder	
AP 1000	Westinghouse Electric Company LLC Westinghouse Electric Czech Republic s.r.o.	
MIR 1200	ŠKODA JS a.s. ZAO Atomstroyexport OAO OKB Gidropress	
~~EPR 1600~~	~~AREVA NP S.A.S.~~	*Bid failed to comply with public tender requirements and CEZ excluded Areva from the tender in October 2012. In September 2013, Areva has filed a complaint with the Regional Court in Brno against its exclusion from a tender .*

SHARED SERVICE CENTRES
WE ARE SUCCESSFUL AT ACHIEVING THE PLANNED COST CUTS AND SIMPLIFYING THE SYSTEM OF SUPPORT SERVICES IN THE CZECH REPUBLIC

- Providing network services
- On July 1, 2013, ČEZ Distribuční služby merged with ČEZ Měření
- Synergies will bring over CZK 190 million annually



- External customers served
- Focus on improving internal efficiency with cost savings of more than CZK 180 million annually
- 60% of the cost savings achieved already in 2013

- Facility Management, Accounting, and HR
- Launched on January 1, 2013
- Synergies will bring over CZK 170 million annually

Overall benefits exceed CZK 0.5 bn annually.

IN MARCH 2013 CEZ SIGNED A LONG TERM CONTRACT WITH CZECH COAL AND SECURED FUEL FOR ALMOST 50 YEARS

Contract conditions	Implications
▪ Price in 2013 is set at CZK 38.8 per GJ, up 18% compared to 2012	Price significantly below original demands of Czech Coal
▪ By 2023, price will gradually increase to 65% of hard coal price (ARA)	Maintains significant competive advantage over fuel costs of price setting hard coal plants
▪ Annual coal volume of 5 m tones per year, down from 8.5m previously	Suffient volume to cover consumption of Počerady power plant
▪ CEZ has two options to sell Pocerady power plant at predefined prices in 2016 and in 2024	Put options serve as hedges against worsening market conditions

A PIPELINE OF RENEWABLE PROJECTS TO BE REALISED BASED ON AVAILABLE DEBT CAPACITY AND FINANCED ON NON-RECOURSE BASIS

Expected schedule of creation of projects' pipeline in renewable generation:

- Target markets Germany, Poland and Romania
- One project launched by 2011(developer's acquisition)
- Structuring non-recourse financing
- Setting project structure allowing for flexible divestiture of ready-to-build projects as well as of the finished projects

- Completion of the Cogealac project
- Further acquisition of developers
- Non-recourse financing in place
- Seeking new expansion opportunities
- Divesting projects not fitting CEZ´s balance-sheet

- Construction works portfolio project
- Investment-wise most demanding period
- Finishing the projects and generating stable cash flow to the group
- Divesting projects not fitting CEZ´s balance-sheet

PIPELINE OF WIND PROJECT UNDER DEVELOPMENT IN POLAND

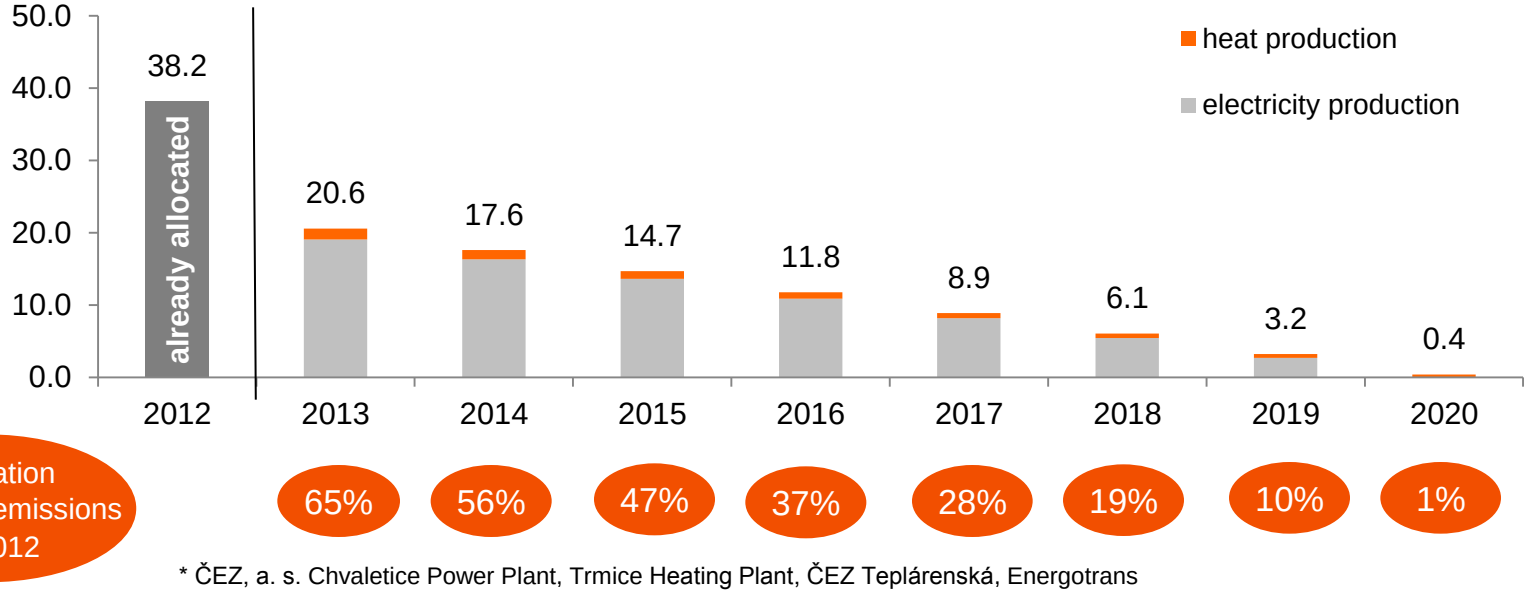
Poland

- CEZ acquired 67% stake in Eco-Wind Construction S.A. on December 30, 2011
- Another 8% to be bought in 2012 and CEZ has an option for remaining 25%
- Eco-Wind has almost 800 MW of projects, most are in an early stage of development
- Most of the projects have secured connection to the grid
- First 200 MW at advanced stage of development
- Current renewables support scheme in Poland assigns one green certificate on top of wholesale price to each MWh produced from wind
- Completed construction of Borek Szlachecki small hydro power plant with an installed capacity of 885 kW

CEZ IN THE CZECH REPUBLIC OBTAINS PART OF EMISSION ALLOWANCES FOR FREE

- On July 6, 2012, the EC's DG Climate Action approved the Czech Republic's request, including the National Investment Plan (NIP), allowing direct allocation of some emission allowances for electricity production from 2013 – derogation.
- The EC's DG Competition approved the NIP in December 2012; the final allocation of allowances among the individual installations in the Czech Republic is the responsibility of the Ministry for the Environment.
- Within the derogation, the Czech Republic will allocate a total of 108 million allowances for electricity production between 2013 and 2019.
- CEZ Group in the Czech Republic* expects the allocation of a total of about 76 million allowances for electricity production between 2013 and 2019 in exchange for a commitment to make investments at least in the amount of the allocated allowances.

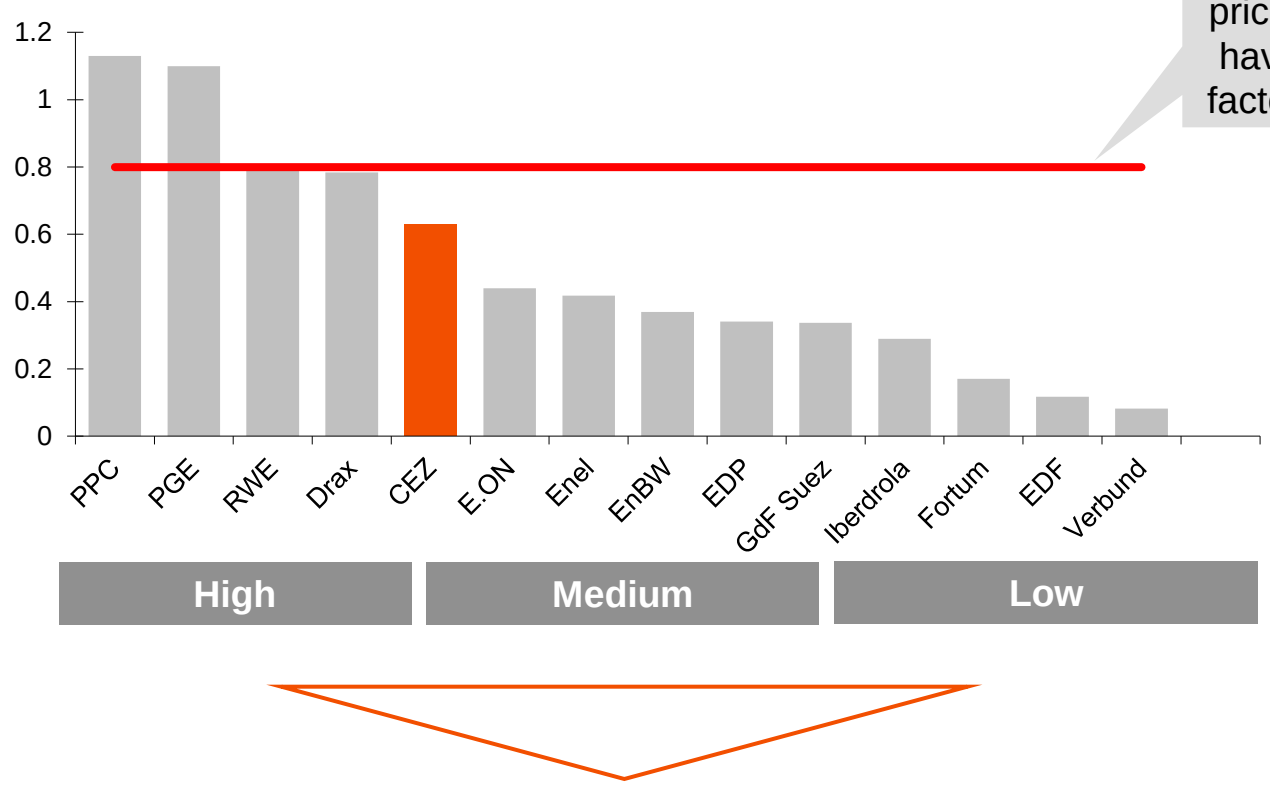
Expected allocation of allowances for CEZ Group in the Czech Republic*
(millions)



* ČEZ, a. s. Chvaletice Power Plant, Trmice Heating Plant, ČEZ Teplárenská, Energotrans

OUR CO_2 INTENSITY IS ALREADY NOW BELOW EUROPEAN PRICE SETTING PLANT

Carbon intensity of selected European utilities
(2012*, t/MWh)



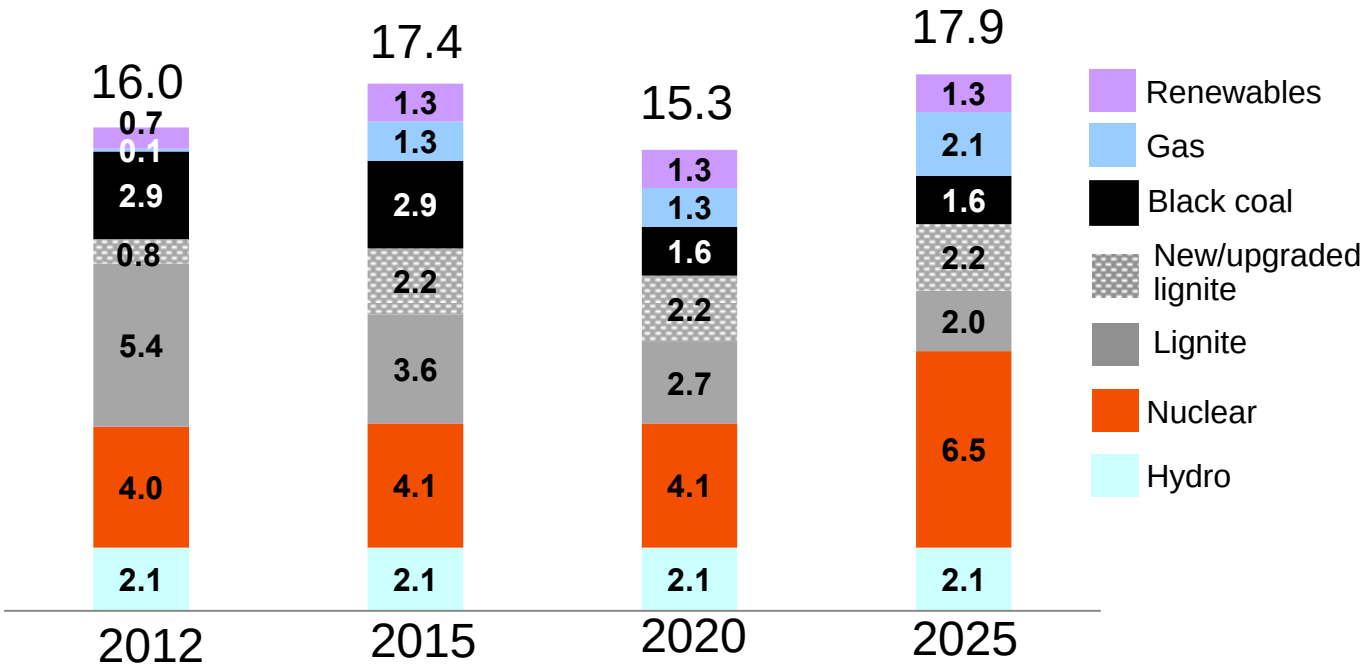
Marginal European price setting plants have an emission factor of 0.8 t/MWh

Increase in CO_2 price has a positive impact on CEZ profitability

*PPC, GDF Suez 2011

INVESTMENT PROGRAM WILL ALLOW CEZ TO REDUCE THE AVERAGE CO_2 EMISSION FACTOR BY ALMOST 50%

Expected installed capacity (GW)
(proportionate*)

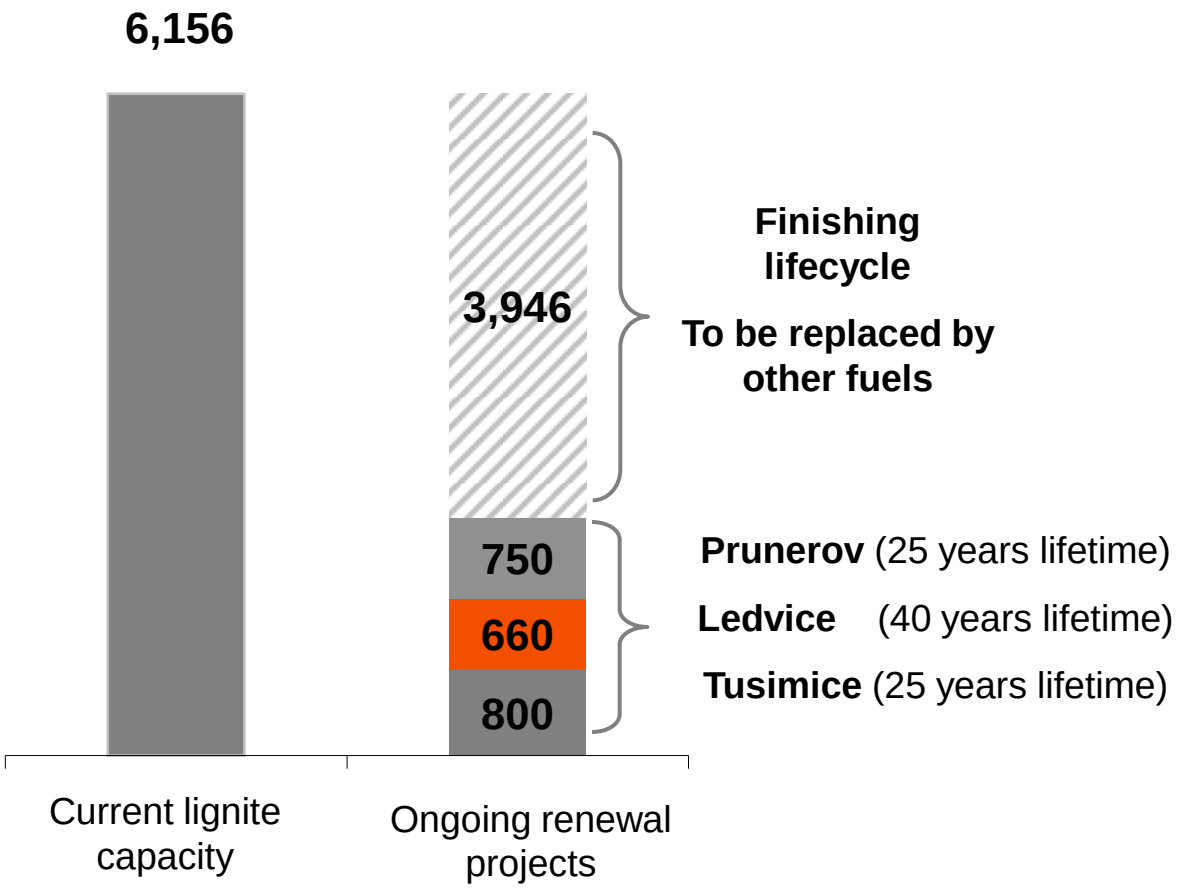


	2012	2015	2020	2025
Total CO_2 emissions (m t CO_2)	34.1	33.7	29.0	28.6
Emission intensity (t CO_2/MWh supplied)	**0.63**	**0.49**	**0.44**	**0.33**

2012 emissions are not verified, * includes equity consolidated companies (Akenerji)

ONLY SELECTED LIGNITE PLANTS ARE RENEWED, WHICH MATCH OUR COAL SUPPLIES

Lignite capacity (MW)



Rationale

- Low cost of domestic lignite
- Thermal power plants next to mines – only costs of internal logistics
- Replacement of old units with more efficient new technology (20% lower CO_2 emissions, from 1t CO_2/MWh to 0.8 CO_2/MWh)
- Secured lignite supplies for the investment lifetime

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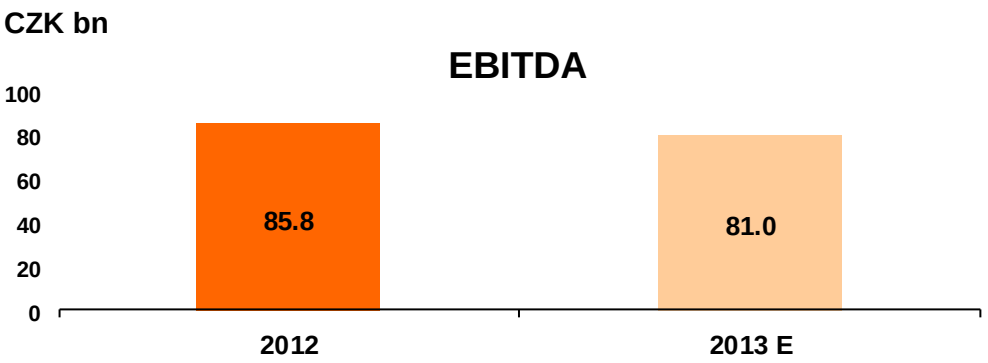
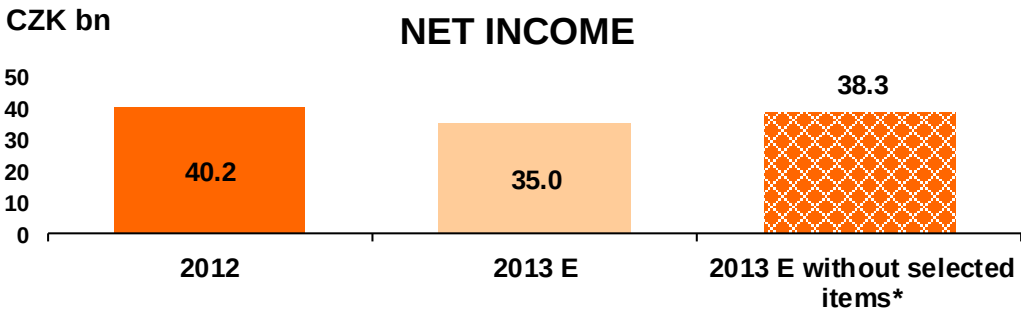
EXPECTED 2013 RESULTS

EBITDA CZK 81 BN & NET INCOME CZK 35 BN





*Selected one-off items (CZK -3.3 bn): impairments to fixed assets (CZK -8 bn), sale of Chvaletice Power Plant (CZK +2.9 bn) and exclusion of CEZ Shpërndarje from consolidation (CZK +1.8 bn).

Selected year-on-year negative effects:

- Trend of declining electricity prices
- Lower allocation of emission allowances for power production
- Worsened national regulatory conditions in Southeast Europe
- Impairments to fixed assets due to decreasing electricity prices, economic development and power industry regulation in Europe

Selected year-on-year positive effects:

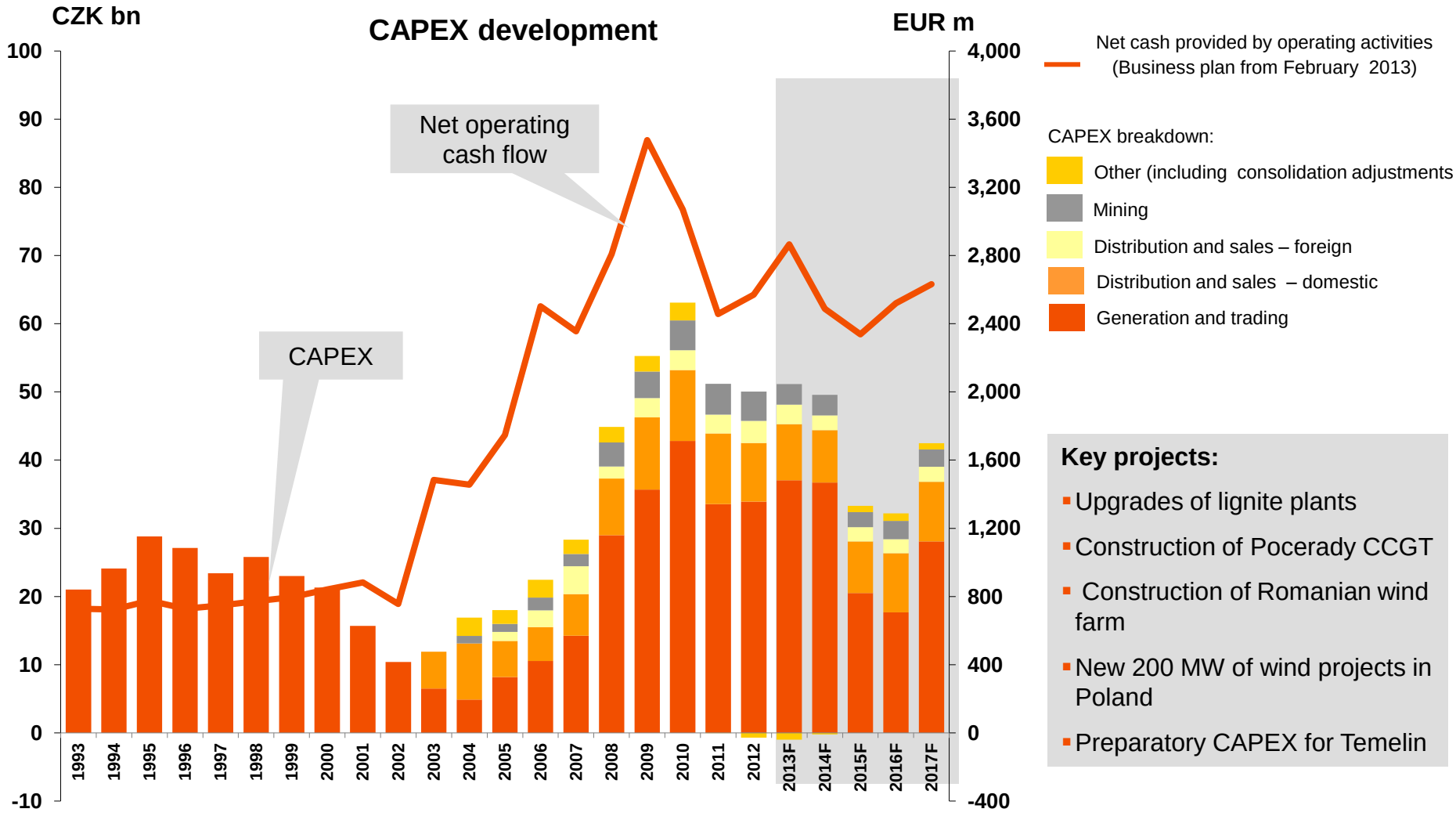
- End of operations in Albania
- Takeover of RES purchase administration by the state-owned company OTE and correction factors for distribution in the Czech Republic
- Allowance trading (CER Gate)
- Sale of Chvaletice Power Plant

Selected prediction risks:

- Higher impairments to fixed assets especially in Southeast Europe

RES – renewable energy sources OTE – electricity market operator

CAPEX PLAN CAN BE FINANCED FROM OPERATING CASH FLOW

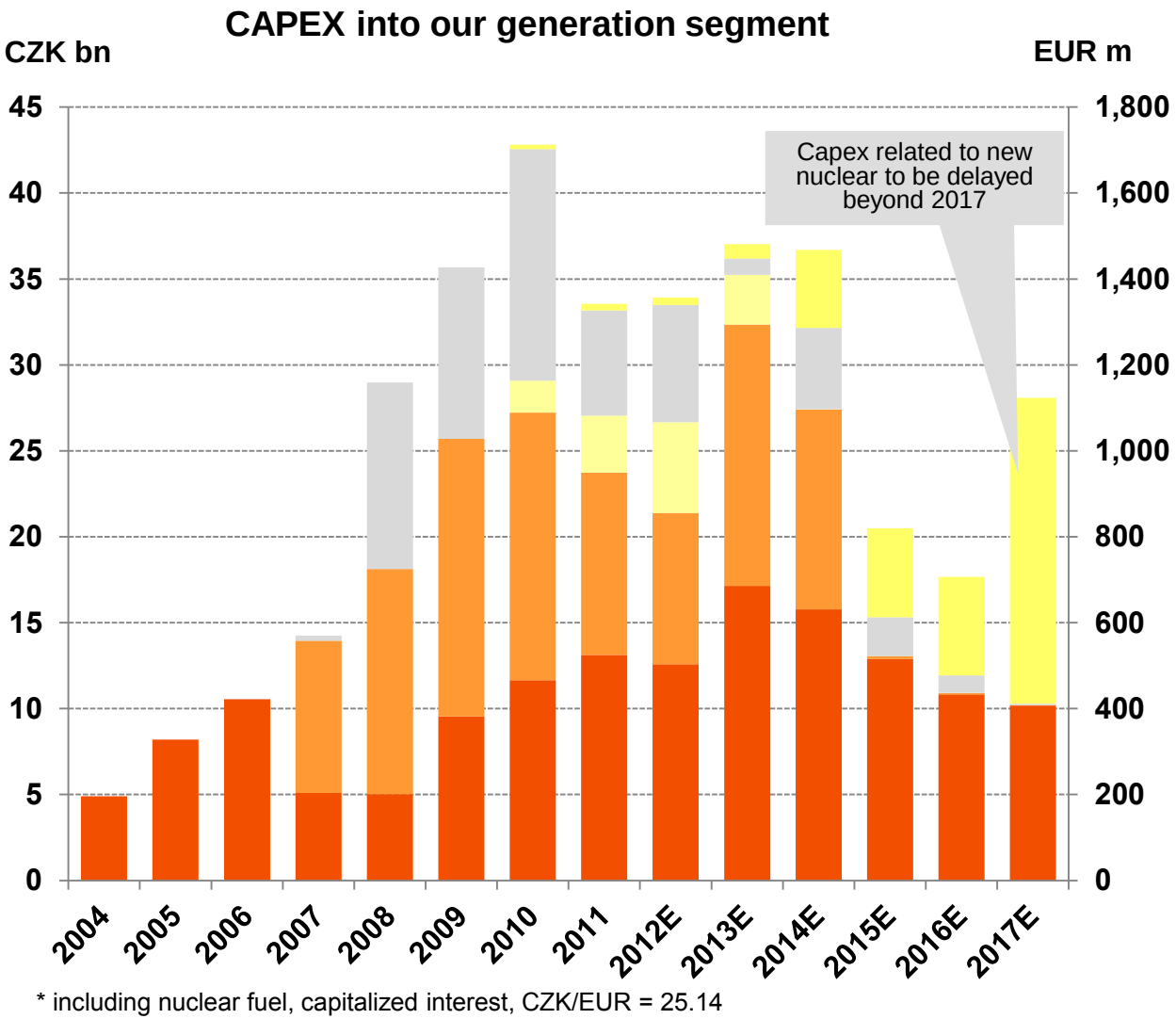


Key projects:

- Upgrades of lignite plants
- Construction of Pocerady CCGT
- Construction of Romanian wind farm
- New 200 MW of wind projects in Poland
- Preparatory CAPEX for Temelin

Note: projects consolidated by equity method are not included, CZK/EUR = 25.14

GENERATION CAPEX IS EXPECTED TO DECLINE SIGNIFICANTLY IN 2015



Key generation projects in 2013-2017:

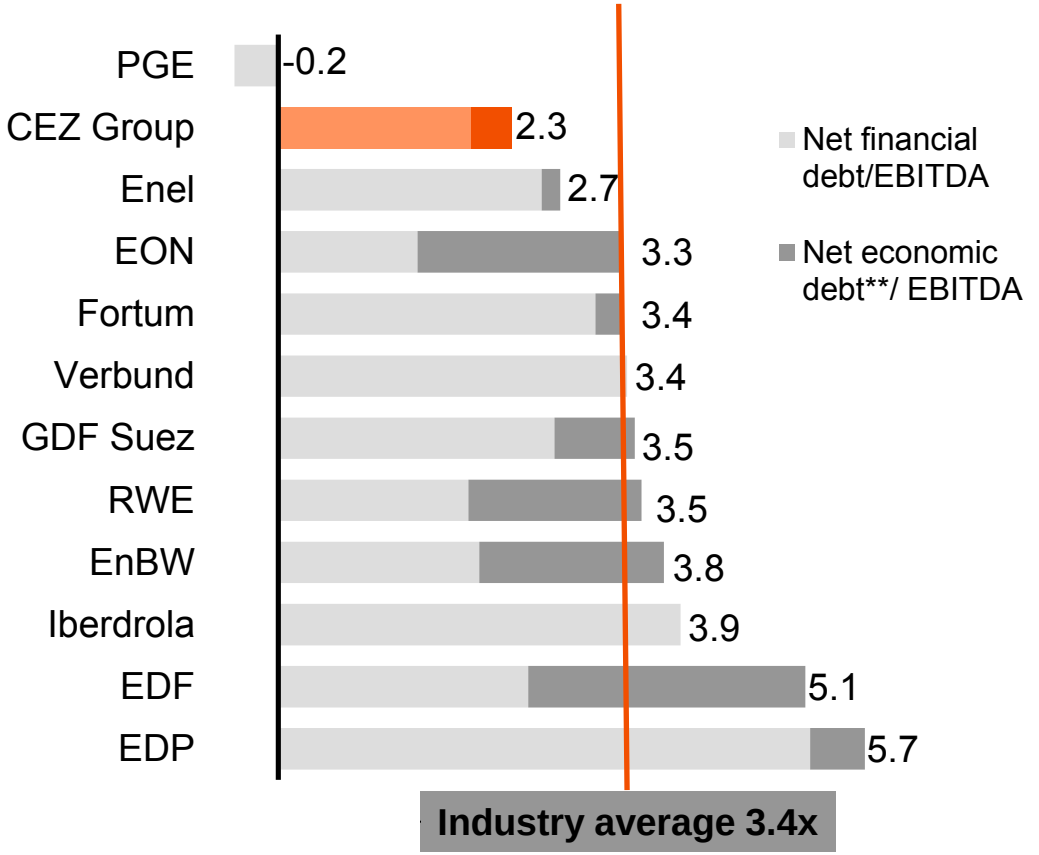
- Renewals of lignite plants, Ledvice, Prunerov
- Wind farm in Romania
- New renewable projects in Poland
- New CCGT in Pocerady
- Preparatory works for new units of Temelin power plants

* including nuclear fuel, capitalized interest, CZK/EUR = 25.14

OUR CURRENT LEVERAGE IS LOW COMPARED TO INDUSTRY STANDARDS

Net economic debt/ EBITDA*

Multiples, 2012



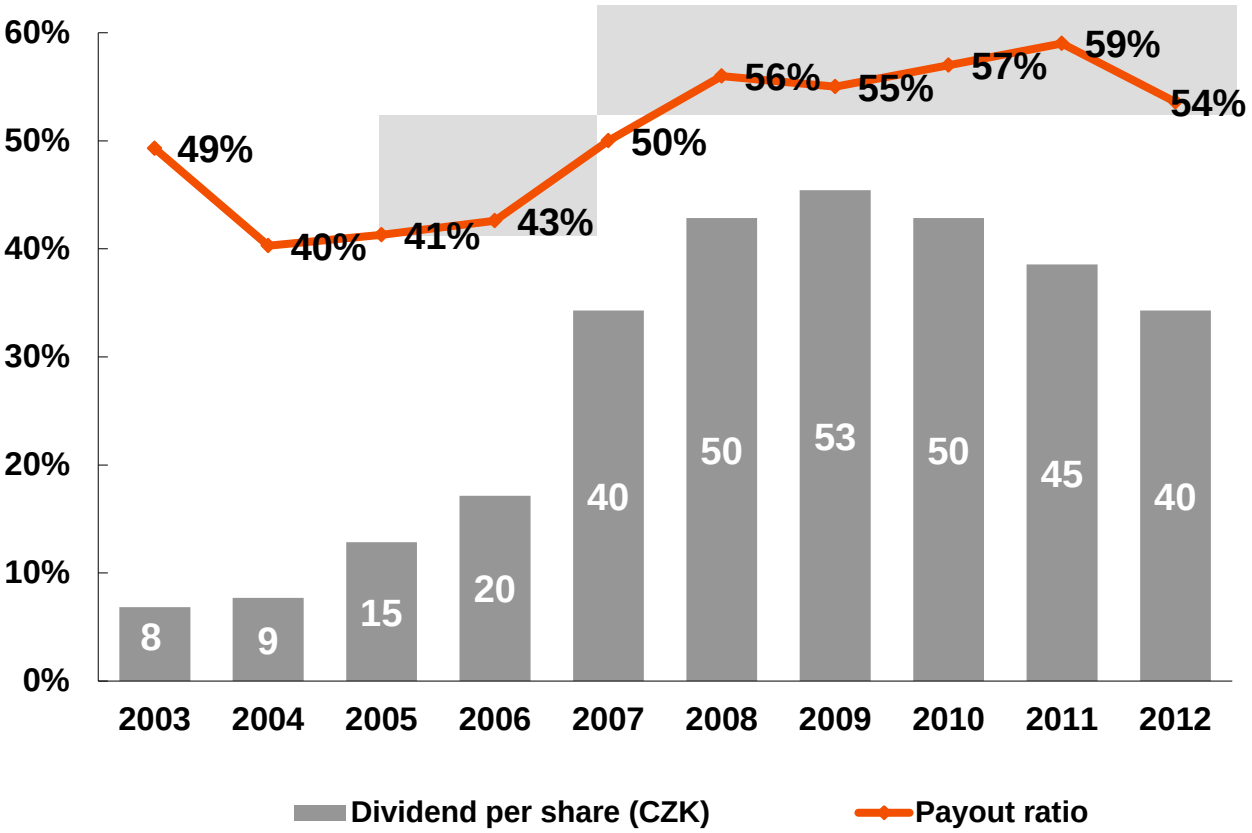
Current level of debt is low, which is a comfortable position in the current environment

Medium-term target leverage remains intact:

- Net debt/EBITDA ratio at 2.0-2.5x
- Consistent with current rating of A-/A2

*EBITDA as reported by companies, ** Net economic debt= net financial net debt + liabilities from nuclear provisions & liabilities from employee pensions & reclamation and other provision; source: company data

CEZ GROUP IS COMMITTED TO MAINTAIN ITS PAYOUT RATIO OF 50 – 60 % OF NET INCOME



- Dividend policy targets payout ratio in the range of 50% to 60% of the consolidated profit adjusted for extraordinary items.
- AGM held on June 19, 2013 approved dividend from 2012 profit of CZK 40 per share.

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CEZ DIVESTED CHVALETICE POWER PLANT AND THUS CLOSED INVESTIGATION BY EUROPEAN COMMISSION

- On September 2, 2013 ČEZ, a.s. transferred the shares of Elekrárny Chvaletice a.s. to the company Severní energetická, a.s. (formerly Litvínovská uhelná, a.s.), which became its 100% owner. Contract signed in March this year was first reviewed and approved by Czech Office for the Protection of Competition. Severní energetická (at the time Litvínovská uhelná) has been recognized as suitable purchaser also by European Commission in August.
- Sales price is CZK 4.12 bn plus 90% of the market price of emission allowances assigned to the Chvaletice Power Plant every year during the NAP III period (5.3 million tons of EUAs in total)
- CEZ thus fulfilled the settlement agreement with European Commission and its investigation was terminated.

Chvaletice power plant

Type of plant	Lignite
Start of operation	1977 -1978
Installed capacity (MW)	4*200
Electricity generated in 2012 (TWh)	3.4
Load factor	49%
Coal supplier	Severoceske doly, Czech Coal

SELECTED EVENTS IN FOREIGN ASSETS

Bulgaria

- On July 29, 2013, the regulator modified price setting methodology and issued its deferred decision on tariffs, effective from August 1, 2013
- Although the decision overall reduces the end prices of electricity, the price reduction is distributed across all market players and, if the statutory purchasing of electricity produced by renewable sources is compensated fairly, it will have a neutral effect on ČEZ businesses in Bulgaria
- Bulgarian regulator DKEVR decided on November 14, 2014 to terminate license revocation procedure initiated on February 19, 2013. No serious deficiencies, which could create grounds for licence revocation, have been found.

Romania

- On June 4, 2013, the Government approved a decree on promoting renewable sources; for our wind farms it means that the tradability of one of the two allocated green certificates has been postponed till 2018
- As of July 1, 2013, the Romanian regulator announced a 1.3% reduction of the average end user price of electricity for all customer groups with regulated tariffs; however, we expect the impact to be compensated by lower electricity purchase prices

Albania

- On May 16, 2013, ČEZ officially initiated an arbitration against the Government of Albania before an international arbitration panel according to the Energy Charter Treaty

AKENERJI

- On May 15, 2009 CEZ bought 37.36% stake in Akenerji for USD 302.6 m from subjects related to Akkök. Thus CEZ and subjects related to Akkök have an equal stake in Akenerji with combined shareholding of 75%
- Akenerji has 738 MW of installed capacity in natural gas, hydro and and wind.
- Akenerji is the largest company among private generation companies with 10% market share. It produces 2% of Turkey's electricity generation
- Development of the project of up to 872 MW CCGT in Hatay (Egemer) is underway
- 240 MW of hydro is at development stage (Kemah)

USD m	2008	2009	2010	2011	2012
Sales	465.2	298.6	285.9	334.3	445.3
EBITDA	75.7	33.2	24.3	63.3	73.7
Margin	16.3	11.1	8.5	18.9	16.6
EBIT	51.5	15.2	5.2	35.2	43.7
Net income	68.3	16.0	-17.1	-127.4	45
Assets	558.8	1,001.5	1,275.4	1,179.4	1,278.6
Net debt	126.0	345.2	590.6	705.8	719.7
CF from investing	-172.9	-356.0	-355.2	-132.2	-133.5

Source: CEZ, http://www.akenerji.com.tr/

CEZ IS A STRONG AND VERTICALLY INTEGRATED PLAYER IN THE CZECH ELECTRICITY MARKET

	Lignite mining	Generation	Transmission	Distribution	Supply
CEZ	**53**% 23.2 million tons	**72**% 64 TWh	**100**% 58.4 TWh	5 out of 8 distribution regions 63% of customers	**37%** 22 TWh
Others	**47**% 20.6 million tons	**28**% 23.5 TWh		37% of customers	63% 36.8 TWh

- CEZ fully owns the largest Czech mining company (SD) covering 62% of CEZ' s lignite needs
- Remaining 2 coal mining companies are privately owned

- Other competitors – individual IPPs

- The Czech transmission grid is owned and operated by CEPS, 100% owned by the Czech state

- Other competitors – E.ON, RWE/EnBW

Source: CEZ, ERU, OTE, companies´ data ; data for 2012

ELECTRICITY MARKETS IN THE REGION ARE INTEGRATED, CEZ CAN SELL ITS POWER ABROAD

Note: Prices for baseload 2014 as of Novemebr 27, 2013

Source: EEX, PXE; PolPX

MODERNIZATION OF TUSIMICE AND CONSTRUCTION OF NEW UNIT IN LEDVICE IS PROGRESSING

Coal power plant Tusimice
Complex renewal (4 x 200 MWe)

- Gradual renewal (2+2 units)
- Increase in net efficiency to 39%
- Extension of service life until 2035
- Initiation of renewal: June 2, 2007
- Start of operation: Sep 2010 (2 units) and Nov 2011/Apr 2012 (2 units)

Coal power plant Ledvice
New supercritical unit (1 x 660 MWe)

- Advance construction of the power plant structures, main focus on the boiler
- Planned net efficiency 42.5%
- Expected service life 40 years
- Initiation of implementation: July 17, 2007
- Planned start of operation in December 2014

PREPARATION OF MODERNIZATION OF PRUNEROV AND OF CCGT POCERADY IS UNDERWAY

Coal power plant Prunéřov

Complex renewal (3 units x 250 MWe)

- Increase in net efficiency to above 39% (above 42% including heat supply)
- Extension of service life by 25 - 30 years
- Initiation of renewal: September 2012
- Planned start of operation in Q1 2015

CCGT Počerady

New construction (841 MW)

- Ongoing commissioning
- Tender process completed
- Expected net efficiency 57.4% (ISO)
- Expected service life 30 years
- Start of construction April 2011
- Planned start of operation in 2013/2014

ACTIVITIES ABROAD

CCGT Hatay (Egemer), Turkey

New construction (872 MW)

- Activities realized via JV Akenerji
- Civil works ongoing
- Expected service life 30 years
- Owner's engineer: Parsons Brinckerhoff
- EPC contract signed in December 2010
- Start of construction October 2011
- Planned commissioning in July 2014

HPP Kemah

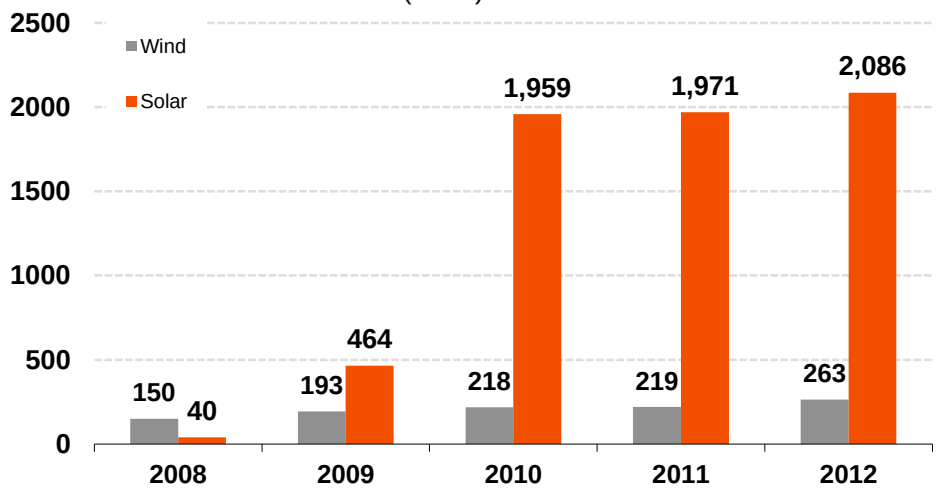
Pump storage (240 MW)

- Basic design in progress
- Topographical survey on Kemah gorge
- Geological survey completed

CZECH REPUBLIC: RENEWABLES SUPPORT

Renewables type (prices for installations put into operation in 2013)	**2013 feed-in tariff (€/MWh)**	**2013 green bonus (€/MWh)**
Solar <30 kW	97-119	75-114
Solar >30 kW	0	0
Wind	84	62
Small hydro	80-151	48-95
Biogas stations	76-141	36-99
Pure biomass burning	82-129	48-90

Installed capacity of wind and solar power plants in the Czech Republic
(MWe)

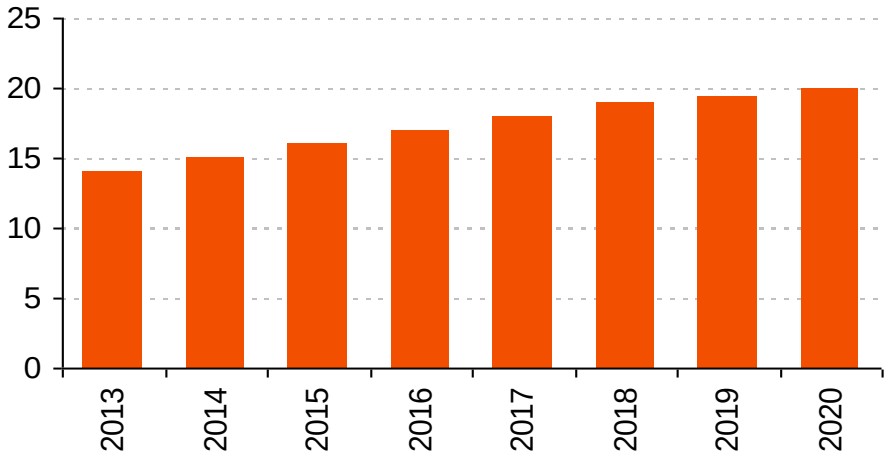


- Operators of renewable energy sources can choose from 2 options of support:
  - Feed-in tariffs (electricity purchased by distributor)
  - Green bonuses (electricity sold on the market, bonuses paid by distributor, level of green bonuses is derived from feed-in tariffs)
- Fees for renewables are part of regulated distribution tariffs charged to final customers.
- Feed-in tariffs are set by a regulator to ensure 15-year payback period. During operation of a power plant they are increased each year by PPI index or by 2% at minimum and 4% at maximum.
- Tariffs for new projects can decrease by 5% at maximum compared to previous year. However the law amendment which became effective on Jan-2011, allows the regulator to cut the tariffs by more than 5% if payback period falls below 11 years.
- Support is provided for 20 years to solar, wind, pure biomass and biogas plants and for 30 years to hydro.
- Solar plants put into operations in 2009 and 2010 are obliged to pay 26% withholding tax until end of 2013

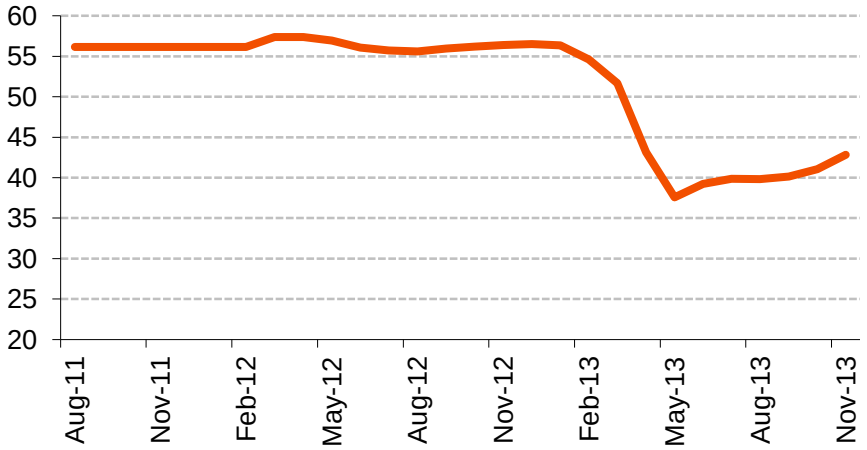
Source: Energy regulatory office (www.eru.cz), CZK/EUR=25.14

ROMANIA: RENEWABLES SUPPORT

Development of mandatory quota (%)*



Green certificates market clearing price (EUR/certificate)

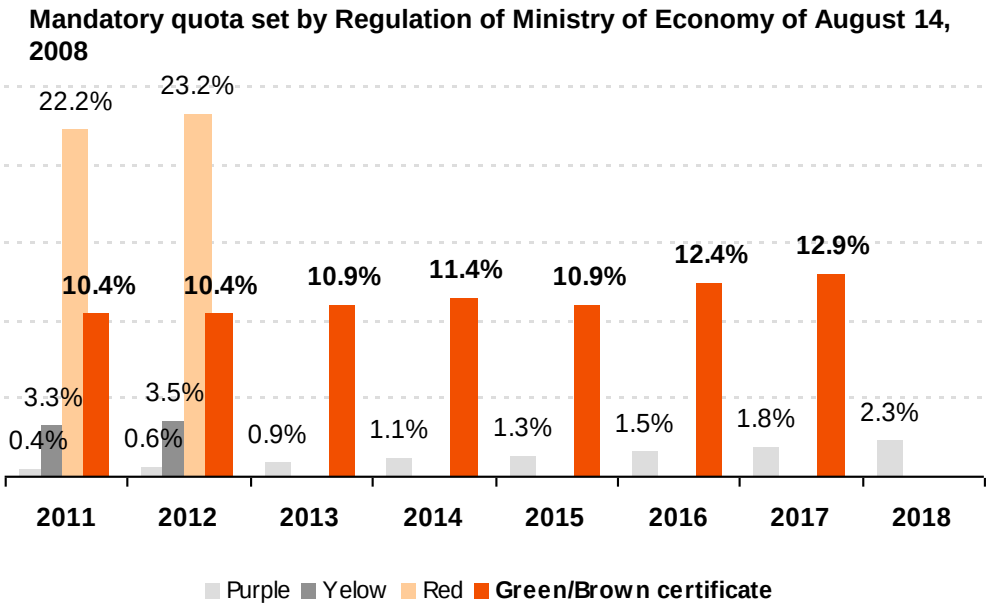


*annual percentage of the gross national electricity consumption, source: ANRE, OPCOM

Support of renewables

- Two green certificates (GC) obtained by the producer for each MWh supplied from wind to the network until 2017, one GC from 2018 onwards
- In July 2013 Romanian government has approved an emergency decree which defers obtaining second green certificate for wind farm producers until 2018.
- Legally set up price for green certificate is 27 to 55 EUR in 2008 – 2025
- GC may be sold to electricity suppliers using bilateral negotiated contracts or on the centralized market of green certificates
- Duration of support – 15 years
- Penalty for suppliers unable to comply with annual mandatory quota – double of the maximum trade value of GC
- The mandatory quota has been increasing gradually, from 10 % in 2011 to 20% in 2020
- New Law 134/2012 on renewables stipulates that existing producers over 125 MW receive GC according to normal supporting scheme for 2 years, with the obligation to individually notify to Brussels for state aid support within following 3 months after accreditation

POLAND: RENEWABLES SUPPORT



	Renewables/ biogas	Co-generation		
Prices in 2013 in EUR/MWh	**Green/Brown**	**Red**	**Yellow**	**Purple**
Substitute fee	71.7	7.2	35.9	14.4
Certificate of origin*	35	0.7	28.5	14.1

- System based on granting certificates of origin (green certificates for electricity from renewable sources) to producers of electricity from renewable sources (1 certificate/1 MWh produced) on top of electricity price
- Certificates (property rights derived from certificates) are traded on Polish Energy Exchange
- Energy companies delivering electricity to final consumers have to supply a given portion of electricity from renewable sources each year, which can be executed by:
  - a) submitting certificates of origin
  - b) payment of a substitute fee**
- Substitute fee is set by Energy Regulatory Office at the end of March each year, level is adjusted annually for inflation of preceding year
- Guaranteed revenue from wholesale electricity selling for RES producers by possibility of sale to seller default for an average price of preceding year (2012 199 PLN/MWh=47.6 EUR/MWh)
- Financial penalty for failure to meet the obligation: minimum 130% of substitute fee, maximum 15% of company revenues for previous year
- Certificates issued and mandatory quota for suppliers set also for biogas production (brown certificates) and cogeneration (yellow, red, purple certificates)

ex. rate 4.15 EUR/PLN for 2013, 4.18 EUR/PLN for 2012, * average prices from continuous trading in 2013, , ***payment in account of The National Fund of Environment Protection and Water Management

OVERVIEW OF REGULATION OF DISTRIBUTION NETWORKS

	Czech Republic	Bulgaria	Romania
2013 RAB (local currency)	80,586 m	573 m	2,108 m
2013 RAB (€ m)	3,211	292	479
2013 WACC pre-tax	6.7% (nominal)	12% (nominal)	8.5% (real)
Regulatory period	2010-2014	2008-2013	2013 transitional year

CZK/EUR=25.1, BGN/EUR=1.96, RON/EUR=4.4

CZECH REPUBLIC: REGULATORY FRAMEWORK OF ELECTRICITY DISTRIBUTION

Regulatory Framework

- Regulated by ERU (Energy Regulatory Office, www.eru.cz)
- The regulatory formula for distribution
  - Revenue cap = Operating expenses + Depreciation + Regulatory return on RAB - Other revenues corrections +/- Quality factor
  - RAB adjusted annually to reflect net investments
  - Regulatory rate of return (WACC nominal, pre-tax) – 6.738% for 2013
  - Operating costs are indexed to CPI + 1% (30% weight) and market services price index (70% weight). They are also adjusted by efficiency factor of 2.031%/year.

Regulatory period

- Regulatory period lasts 5 years
- 2nd regulatory period: January 1, 2005 – December 31, 2009
- 3rd regulatory period: January1, 2010 – December 31, 2014

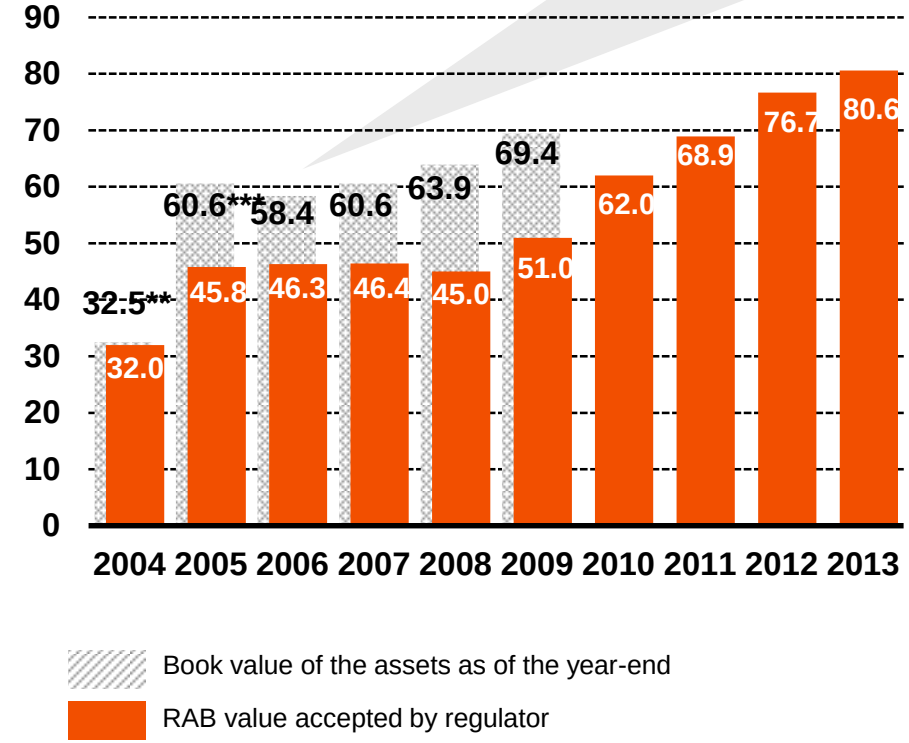
Unbundling & Liberalization

- Since January 1, 2006 all customers can choose their electricity supplier, market is 100% liberalized
- There is no regulation of end-user prices of electricity

CZECH REPUBLIC: GRADUAL REVALUATION OF RAB IS INCORPORATED INTO THE REGULATORY FORMULA

RAB* development

2005/2006 drop in asset value caused mainly by lower investment during transition period and one off write off of some old already depreciated assets that were formerly valued with 10% value for transfer.



- Assets revaluation conducted as a part of an assets transfer within Vision 2008 on the basis of requirement stipulated by commercial law.
- Book value of the assets is higher than the RAB value used by the regulator.
- RAB will be gradually adjusted upwards in 2010-2014 and thus RAB discount to asset book value will decrease.
  - Formula: $RAB_t = RAB_{t-1} + Investments_t - k * Depreciation_t$, where $k_t = (RABt_{-1})/(Book\ value_{t-1})$ i.e. $k<1$

* Adjusted to reflect assets transfer to support companies

**Historical value of assets contributed into CEZ Distribuce

***Revalued asset value to the last asset contribution date 01/ 2006

BULGARIA: REGULATORY FRAMEWORK OF ELECTRICITY DISTRIBUTION

Regulatory Framework

- Regulated by SEWRC (State Energy and Water Regulatory Commission)
- The regulatory formula for distribution
  - Revenue cap = Costs + Regulatory return on RAB + Depreciation
  - Regulatory rate of return (WACC nominal, pre-tax) –12% for 2nd regulatory period
  - RAB set at € 292 m for 1-6 2013,RAB for 2H 2013 under discussion
  - CPI adjustment used for part of costs (OPEX)
  - Losses in 2nd regulatory period set by regulator – 18.5%
  - Efficiency factor introduced in 2nd regulatory period
  - Investment plan – approved by the regulator on yearly basis

Regulatory period

- 1st regulatory period October 1, 2005 – June 31, 2008
- 2nd regulatory period July 1, 2008 – June 31, 2013

Unbundling & Liberalization

- Successfully completed by December 31, 2006
- Since July 2007, all consumers have the right to become eligible but the effective market degree of liberalized market is negligible.

ROMANIA: REGULATORY FRAMEWORK OF ELECTRICITY DISTRIBUTION

Regulatory Framework

- Regulated by ANRE (Autoritatea Nationala de Reglementare in domeniul Energiei)
- Price cap (tariff basket) methodology
- Revenue = Controllable OPEX + non-controllable OPEX + Depreciation + Purchase of losses + Regulatory return on RAB + Working capital
  - Efficiency factor of 1% applied only to controllable OPEX
  - Losses (technical + commercial) reduction program agreed with ANRE on voltage levels
  - S (minimum quality) from 2009 in formula, Penalty/premium - maxim annual 2% from revenues
  - Possibility for annual corrections
  - Investment plan – approved by ANRE before regulatory period starts
  - Regulatory return (WACC pre-tax real terms) equals 10% in second regulatory period
  - Working capital is regulated remuneration of 1/8 from total OPEX
- Distribution tariff growth capped in real terms at 12% in the second regulatory period
- New Electricity law (123/2012) stipulates implementation of smart metering by 2020

Regulatory periods

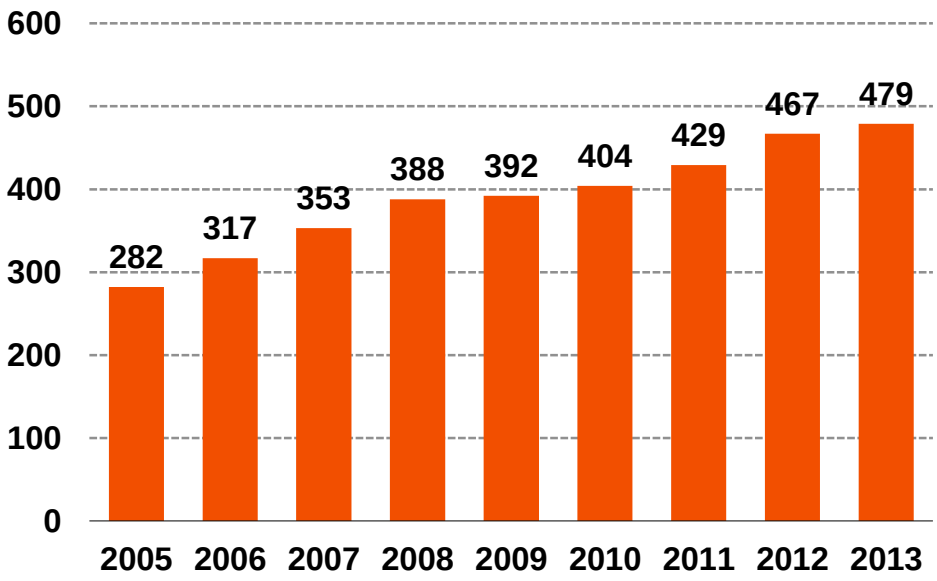
- 2nd regulatory period Jan 1, 2008 – Dec 31, 2012
- 2013 transitional year with OPEX efficiency -1.5%, CPT targets as in 2012, real pretax WACC of 8.52%
- Parameters for 3nd regulatory period 2014 – 2018 currently under discussion

Liberalization

- Effective market degree approx. 58%; 60 active suppliers (end-user suppliers and traders)
- According to new law approved, non-residential tariffs will be fully liberalised from 2014 and residential from 2018
- Implementation of competitive pass through tariffs component (CPC) of 15% for regulated non-residential consumers from September 2012, according to liberalization schedule; 30% starting January 2013, gradually increasing and reaching 100% at end 2013

ROMANIA: ELECTRICITY SUPPLY PRICES ARE GRADUALLY DEREGULATED

Regulated Asset Base
EUR mio*



Note: Value for end 2013 is estimated

RON/EUR=4.4

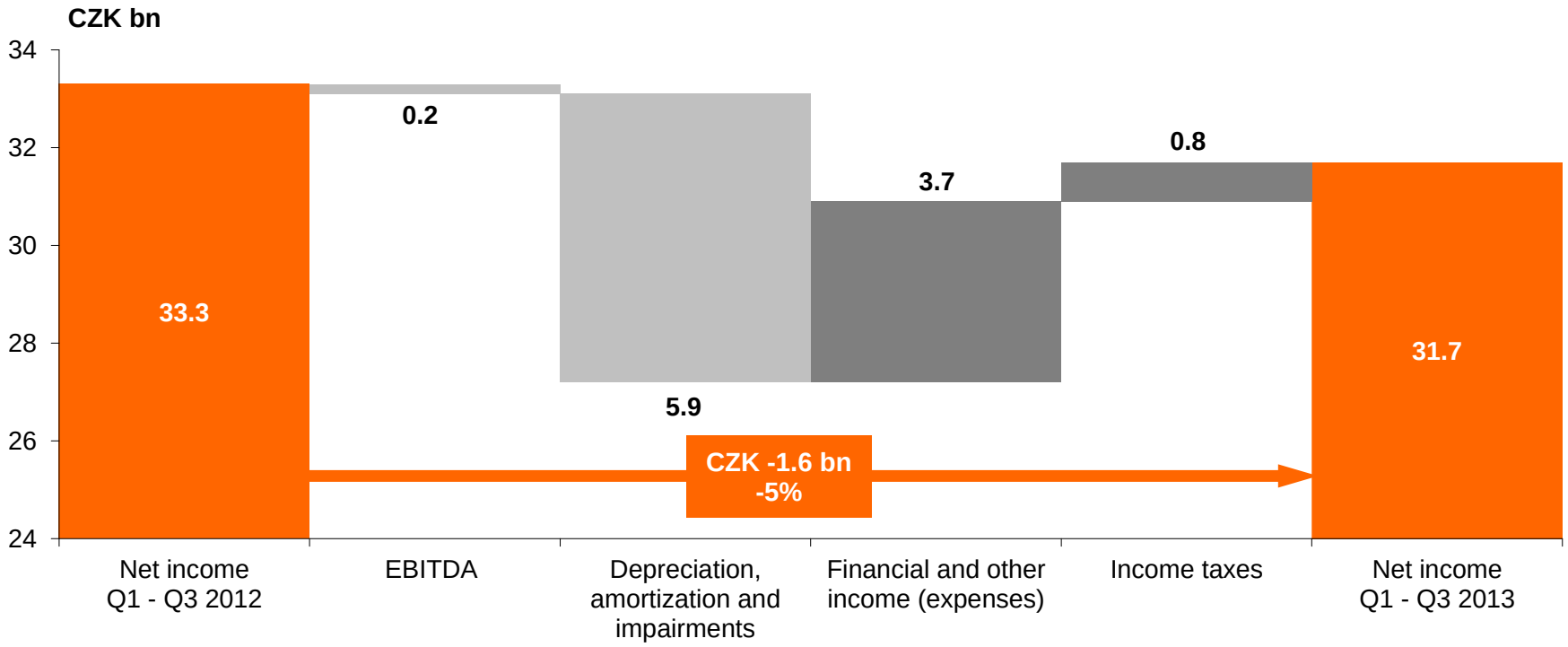
Supply is gradually liberalized

- Still regulated tariffs for 42% of Romanian electricity consumption; mainly residential, commercial and small industrial consumers
- According to new electricity law, supplies for industrial customers will be fully liberalized by end of 2013 and for residential customers by end of 2017
- Methodology for sales to captive customers - the approach is 2.5% profit on electricity acquisition costs
- Since 2008, ANRE approves differentiated regional tariffs for industrial consumers;
- End-user tariffs for residential customers are still uniform at the national level
- Recognized OPEX increased each year, reaching about 1 EUR/month/customer

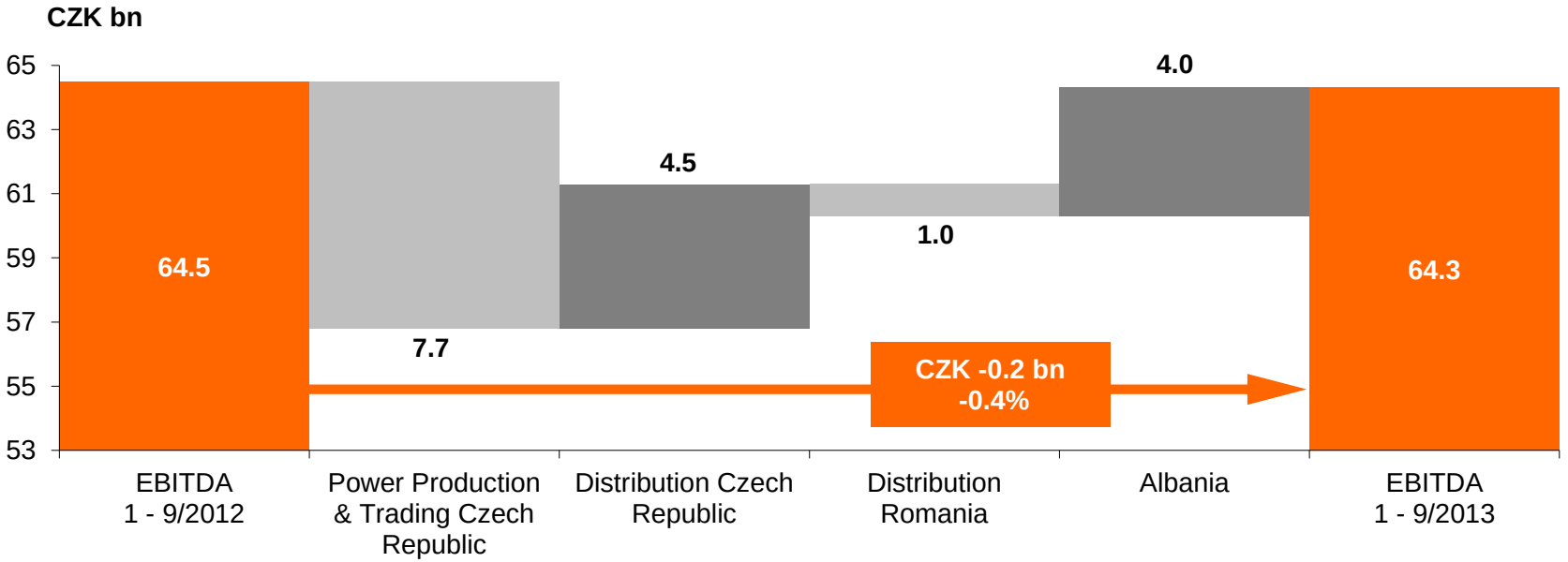
2013 tariffs:

- 6% end-user tariffs increase for all consumers starting Jan 2013
- 5.1% distribution tariffs increase for all voltage levels starting Jan 2013;
- green certificates costs separately invoiced, full pass through, on top of regulated electricity tariffs from July 27th for all consumers in Romania

DRIVERS OF YEAR-ON-YEAR CHANGE IN NET INCOME IN Q1-Q3 2013



KEY DRIVERS OF YEAR-ON-YEAR CHANGE OF EBITDA



Power Production & Trading Czech Republic (CZK -7.7 bn):

- Declining achieved prices of electricity (CZK -4.3 bn)
- Reduced production (CZK -2.0 bn), due especially to comprehensive renewal of the Prunéřov Power Plant

Distribution CZ (CZK +4.6 bn)

- Effect of the takeover of RES & CHP purchase administration by the state-owned company OTE (CZK +3.7 bn)
- Higher revenues for reserved capacity (CZK +0.6 bn)

Distribution Romania (CZK -1.0 bn)

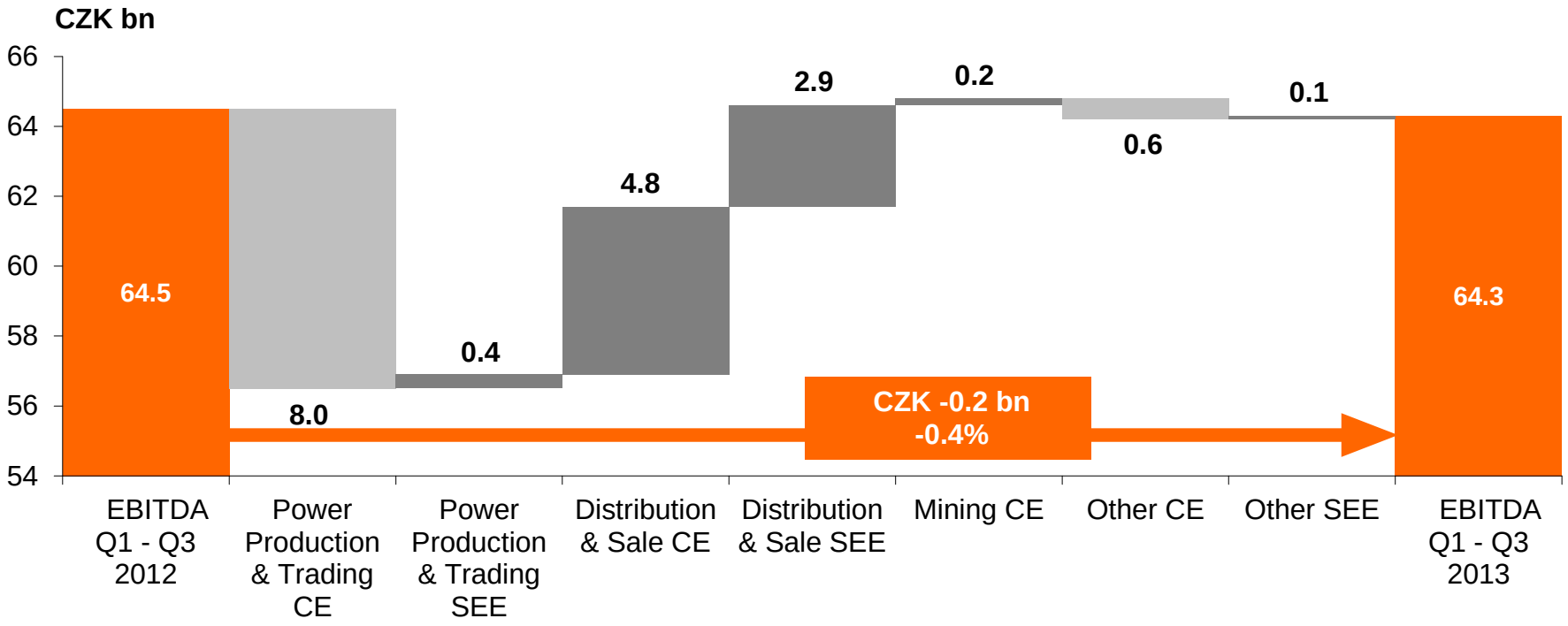
- Extraordinary earnings in H1 2012 associated with payment of debts by Romanian state railways (CZK -1.2 bn)
- Higher margin on electricity sales (CZK +0.2 bn)

Albania (CZK +4.0 bn)

- End of accounting of CEZ Shpërndarje's financial results due to loss of control by ČEZ, a. s. in January 2013

RES – renewable energy sources CHP – combined heat and power generation OTE – electricity market operator

YEAR-ON-YEAR CHANGE OF EBITDA BY SEGMENT



OTHER INCOME (EXPENSES)

(CZK bn)	Q1 - Q3 2012	Q1 - Q3 2013	Change	%
EBITDA	**64.5**	**64.3**	**-0.2**	**-0%**
Depreciation, amortization and impairments	**-19.9**	**-25.8**	**-5.9**	**-29%**
Financial and other income (expenses)	**-3.5**	**0.2**	**+3.7**	**-**
Interest income (expenses)	-1.9	-2.4	-0.5	-26%
Interest on nuclear and other provisions	-1.5	-1.3	+0.2	+12%
Income (expenses) from investments	1.2	4.9	+3.7	>200%
Other income (expenses)	-1.3	-1.0	+0.3	+27%
Income taxes	**-7.8**	**-7.0**	**+0.8**	**+10%**
Net income	**33.3**	**31.7**	**-1.6**	**-5%**

Depreciation, amortisation and impairments (CZK -5.9 bn)

- Impairments to fixed assets in Romania and Bulgaria and goodwill amortisation in 2013 (CZK -4.8 bn)
- Growth in depreciation and amortisation (CZK -0.9 bn) as a result of booking investments as fixed assets, especially in the Czech Rep.

Interest income (expenses) (CZK -0.5 bn)

- Growth in interest expense especially in connection with issued bonds and weakened CZK/EUR exchange rate

Income (expenses) from investments (CZK +3.7 bn)

- Settlement of the sale of Chvaletice Power Plant (CZK +2.9 bn)
- Extraordinary one-off impact of excluding CEZ Shpërndarje from the consolidated CEZ Group (CZK +1.8 bn)
- Weaker results of the Turkish businesses mostly due to exchange rate differences on USD loans (CZK -1.1 bn), other (CZK +0.1 bn)

Other income (expenses) (CZK +0.3 bn)

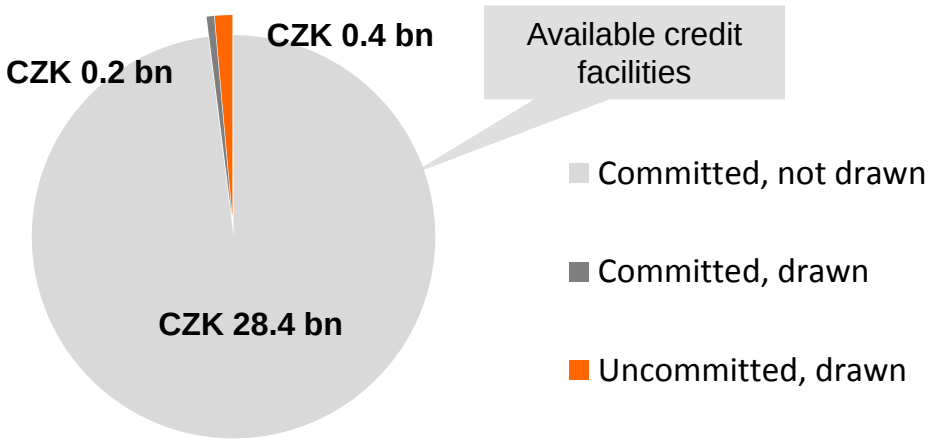
- Lower effects of the gift tax on emission allowances (CZK +0.7 bn); y-o-y difference in revaluation of MOL option (CZK -1.7 bn)
- Other (CZK +1.3 bn), in particular exchange rate gains/losses and other financial derivatives

Income tax (CZK +0.8 bn):

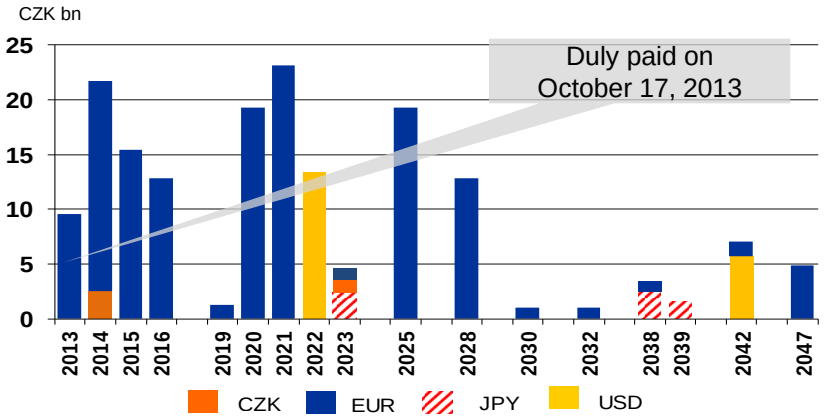
- Effect of non-deductible expenses and revenues (in particular the effect of exclusion of CEZ Shpërndarje, sale of Chvaletice Power Plant, and additions to impairments)

CEZ GROUP MAINTAINS A STRONG LIQUIDITY POSITION

Utilisation of short-term lines (as of September 30, 2013)



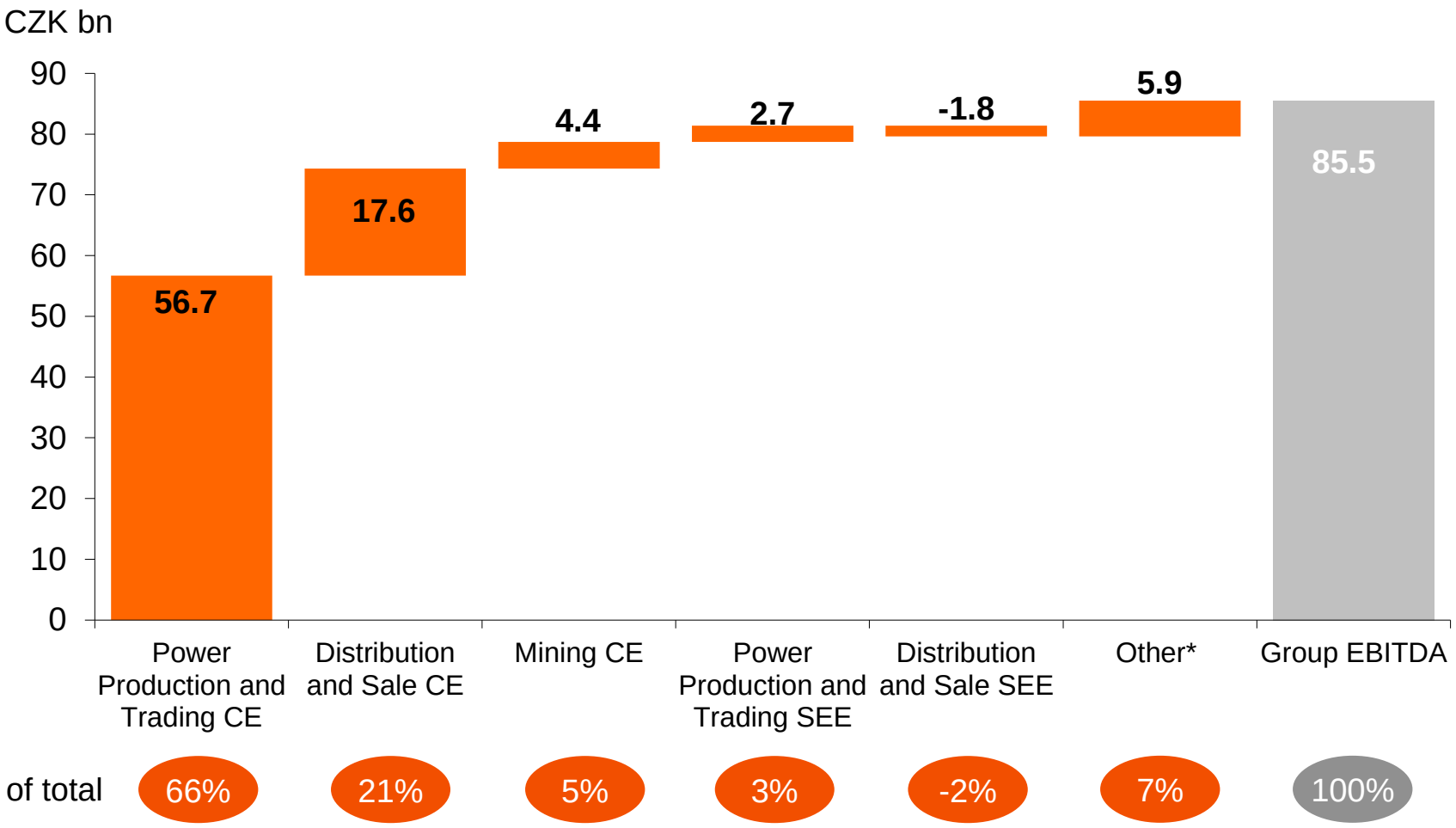
Bond maturity profile (as of September 30, 2013)



- CZK 43.2 bn in cash and highly liquid assets as of 30 September 2013
- The CEZ Group has access to CZK 28.6 bn in committed credit facilities, using just CZK 0.2 bn as of September 30, 2013
- Payout of dividends for 2012 started on August 1, 2013

Note: Uncommitted credit facilities are used primarily. Committed facilities are kept as a reserve for covering unexpected needs.

SEGMENTAL CONTRIBUTIONS TO EBITDA IN 2012



*including eliminations

SELECTED HISTORICAL FINANCIALS OF CEZ GROUP
CZK

Profit and loss

CZK bn	2006	2007	2008	2009	2010	2011	2012
Revenues	149.1	174.6	184.0	196.4	198.8	209.8	215.1
Sales of electricity	148.3	162.7	165.3	173.5	175.3	181.8	186.8
Heat sales and other revenues	11.3	11.8	14.5	16.0	23.6	28.0	28.3
Operating Expenses	84.8	99.2	95.3	105.3	110.0	122.4	129.6
Purchased power and related services	43.0	46.3	41.7	48.2	54.4	65.9	71.7
Fuel	11.6	16.9	16.2	15.8	16.9	17.1	15.8
Salaries and wages	15.1	16.9	17.0	18.1	18.7	18.1	18.7
Other	15.1	19.1	20.5	23.2	19.7	21.3	23.4
EBITDA	**64.3**	**75.3**	**88.7**	**91.1**	**88.8**	**87.3**	**85.5**
EBITDA margin	*43%*	*43%*	*48%*	*46%*	*45%*	*42%*	*40%*
Depreciaiton	24.3	22.1	22.0	22.9	24.0	25.8	27.6
EBIT	**40.0**	**53.2**	**66.7**	**68.2**	**64.8**	**61.5**	**57.9**
EBIT margin	*27%*	*30%*	*36%*	*35%*	*33%*	*29%*	*27%*
Net Income	27.7	41.6	47.4	51.9	46.9	40.8	40.2

Balance sheet

CZK bn	2006	2007	2008	2009	2010	2011	2012
Non current assets	302.0	313.1	346.2	415.0	448.3	467.3	494.9
Current assets	66.7	57.9	126.9	115.3	96.1	131.0	141.2
- out of that cash and cash equivalents	30.9	12.4	17.3	26.7	22.2	22.1	18.0
Total Assets	**368.7**	**370.9**	**473.2**	**530.3**	**544.4**	**598.3**	**636.1**
Shareholders equity (excl. minority. int.)	194.9	171.4	173.3	200.4	221.4	226.8	250.2
Interest bearing debt	48.4	73.3	106.4	156.8	164.4	189.4	192.9
Other liabilities	125.3	126.3	193.5	173.1	158.5	182.0	192.9
Total liabilities	**368.7**	**370.9**	**473.2**	**530.3**	**544.4**	**598.3**	**636.1**

SELECTED HISTORICAL FINANCIALS OF CEZ GROUP
EUR

Profit and loss

EUR m	2006	2007	2008	2009	2010	2011	2012
Revenues	5,931	6,943	7,316	7,811	7,909	8,343	8,555
Sales of electricity	5,898	6,472	6,575	6,901	6,971	7,230	7,429
Heat sales and other revenues	449	470	579	636	937	1,112	1,125
Operating Expenses	3,374	3,947	3,789	4,189	4,375	4,870	5,154
Purchased power and related services	1,710	1,843	1,657	1,917	2,162	2,620	2,850
Fuel	463	671	643	628	674	682	630
Salaries and wages	600	672	674	720	744	720	744
Other	601	760	814	923	785	849	930
EBITDA	**2,558**	**2,996**	**3,528**	**3,622**	**3,534**	**3,473**	**3,401**
EBITDA margin	*43%*	*43%*	*48%*	*46%*	*45%*	*42%*	*40%*
Depreciaiton	966	880	877	911	956	1,025	1,097
EBIT	**1,592**	**2,116**	**2,651**	**2,711**	**2,577**	**2,448**	**2,304**
EBIT margin	*27%*	*30%*	*36%*	*35%*	*33%*	*29%*	*27%*
Net Income	1,102	1,655	1,883	2,062	1,867	1,621	1,597

Balance sheet

EUR m	2006	2007	2008	2009	2010	2011	2012
Non current assets	12,011	12,452	13,771	16,504	17,829	18,586	19,683
Current assets	2,651	2,301	5,049	4,586	3,822	5,210	5,615
- out of that cash and cash equivalents	1,230	494	688	1,063	881	877	714
Total Assets	**14,662**	**14,753**	**18,819**	**21,090**	**21,651**	**23,796**	**25,298**
Shareholders equity (excl. minority. int.)	7,752	6,815	6,891	7,969	8,807	9,021	9,952
Interest bearing debt	1,927	2,915	4,232	6,237	6,540	7,535	7,672
Other liabilities	4,984	5,023	7,697	6,884	6,304	7,240	7,674
Total liabilities	**14,662**	**14,753**	**18,819**	**21,090**	**21,651**	**23,796**	**25,298**

Exchange rate used:
25.14 CZK/EUR

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