



SUMMARY REPORT PURSUANT TO SECTION 118 (9) OF THE CAPITAL MARKET UNDERTAKINGS ACT, ON CERTAIN ASPECTS OF THE EQUITY OF ČEZ, A. S.

Dear shareholders, ladies and gentlemen,

Please allow me to now present to you the Summary Report on Certain Aspects of the Equity of ČEZ, a. s.

The summary explanatory report pursuant to Section 118(9) of the Capital Market Undertakings Act is based on the requirements set forth in Section 118(5)(a) through (k) of said Act.

a) Information Concerning the Structure of the Company's Equity

Equity structure as at December 31, 2016:

▪ Stated capital	CZK 53,798,975,900
▪ Treasury stock and treasury interests	(CZK 4,246,170,779)
▪ Retained earnings and additional paid-in capital	CZK 151,144,993,352
Total equity	CZK 200,697,798,473

As at December 31, 2016, the Company's stated capital recorded in the Commercial Register totaled CZK 53,798,975,900. It consisted of 537,989,759 shares with a nominal value of CZK 100 each. The issue price of all shares had been paid up in full. All the shares had been issued as dematerialized bearer securities and had been admitted to trading on a European regulated market. The Company's stated capital is divided exclusively into common shares, with no special rights attached. All of the Company's shares have been admitted to trading on the Prague Stock Exchange in Czechia and the Warsaw Stock Exchange in Poland.

b) Information Concerning Restrictions on the Transferability of Securities

The transferability of the Company's securities is not restricted.

c) Information Concerning Significant Direct and Indirect Shares in the Company's Voting Rights

As at December 31, 2016, the following entities were registered by the Central Securities Depository as having a share of at least 1% in the stated capital of ČEZ, a. s.:

- Czech Republic, represented by the Ministry of Finance of the Czech Republic, having a total share of 69.78% in the stated capital, i.e., 70.27% of voting rights
- Clearstream Banking S.A., having a share of 3.21% in the stated capital, i.e., 3.23% of voting rights
- State Street Bank and Trust Co., having a share of 1.37% in the stated capital, i.e., 1.38% of voting rights
- Chase Nominees Limited, having a share of 1.33% in the stated capital, i.e., 1.34% of voting rights
- NorTrust Nominees Limited, having a share of 1.21% in the stated capital, i.e., 1.22% of voting rights
- Brown Brothers Harriman Co., having a share of 1.05% in the stated capital, i.e., 1.05% of voting rights

These entities have rights pursuant to Section 365 et seq. of the Business Corporations Act. It cannot be ruled out that some of the aforementioned entities manage shares owned by third parties.

d) Information Concerning Owners of Securities With Special Rights, Including Description of Such Rights

No special rights are attached to any of the Company's securities.

e) Information Concerning Restrictions on Voting Rights

The voting right attached to the Company's shares is not restricted. Pursuant to Section 309(1) of the Business Corporations Act, the Company does not exercise the voting rights attached to treasury shares that it acquired on the basis of a Shareholders' Meeting resolution. As at December 31, 2016, ČEZ held 3,755,021 treasury shares corresponding to 0.70% of its stated capital.

f) Information Concerning Agreements Between Shareholders That May Impede the Transferability of Shares or Voting Rights

ČEZ is not aware of any agreements between its shareholders that might result in impeding the transferability of its shares or voting rights.

g) Information Concerning Special Rules Specifying the Election and Removal of Members of the Statutory Governing Body and Amendment to the Company's Bylaws

Pursuant to the Company's bylaws, members of the Board of Directors are elected and removed by the Supervisory Board by a majority of the votes of all its members. Bylaws may be amended by a Shareholders' Meeting by a qualified, two-thirds majority of the votes of the shareholders present at the Shareholders' Meeting. No special rules specifying the election and removal of members of the statutory governing body and amendment to the Company's bylaws are applied.

h) Information Concerning Special Authority of the Company's Statutory Governing Body

The Company's Board of Directors has no special powers.

i) Information Concerning Significant Contracts Relating to Change in Control Over the Company as a Result of a Takeover Bid

ČEZ, a. s. has entered into significant contracts that will become effective, change, or expire if control over ČEZ changes as a result of a takeover bid. These are the 7th, 12th, 13th, 14th, 19th, 20th, 21st, 24th, and 30th Eurobond issues; the 1st, 2nd and 4th Namensschuldverschreibung issues; the 1st and 2nd US bond issues; an issue of convertible bonds issued on February 4, 2014; the ČEZ, a. s. Promissory Note Issue Program; loan agreements with the European Investment Bank for EUR 100 million made in 2010, for EUR 180 million made in 2011, for EUR 100 million made in 2012, for EUR 200 million made in 2014, and for EUR 200 million made in 2010 (originally between the European Investment Bank and a Romanian subsidiary) and assumed by ČEZ, a. s. in 2016. In these contracts, the counterparty would be entitled, but not required, to demand early repayment should there be a change in the controlling entity of ČEZ.

At the same time, however, the right to early repayment may only be exercised if Standard & Poor's or Moody's publicly declares or notifies ČEZ in writing that it has downgraded ČEZ's existing credit rating due to, in full or in part, the change in controlling entity. Downgrading the existing credit rating is defined as any change from investment grade to noninvestment grade, any downgrade of original noninvestment grade, or nondetermination of investment grade if no rating was given at all. Said downgrading would have to take place in the period from the public disclosure of the step that could result in change in the controlling entity to 180 days after the announcement of the change in the controlling entity. The counterparty would not be allowed to exercise its right to early repayment if, following the actual change in the controlling entity, the credit rating agency reevaluated its position and restored ČEZ's investment grade or original noninvestment grade rating within the period defined above. The contractual provisions concerning a change in control over ČEZ should be seen in the context of the credit ratings of ČEZ, a. s., which in 2016 were A- with a stable outlook by Standard & Poor's and Baa1 with a stable outlook by Moody's, that is, 4 and 3 grades, respectively, above the credit rating agencies' noninvestment-grade ratings. Said change-of-rating condition does not apply to the loan agreements with the European Investment Bank, worth EUR 780 million in total, under which the counterparty's right becomes effective as soon as control over ČEZ, a. s. changes.

j) Information Concerning Contracts Binding the Company in Relation to a Takeover Bid

ČEZ has not entered into any contracts with members of its Board of Directors or its employees in which the Company would undertake to provide performance in case their service or employment is terminated in relation to a takeover bid.

k) Information Concerning Programs That Allow Acquiring the Company's Corporate Securities

Remuneration of top managers at ČEZ includes an incentive program that allows them to acquire Company shares. Members of the Board of Directors and selected managers were/are entitled to options on the Company's common shares under the conditions set forth in a stock option agreement; for members of the Board of Directors, such stock option agreements form appendices to their service contracts. Under the stock options rules, approved by the Shareholders' Meeting in May 2008, members of the Board of Directors and selected managers receive options on a certain number of Company shares every year as long as they remain in office. The exercise price per share is determined as the weighted average of prices at which Company shares were traded on the regulated market in Czechia during one month before the annual grant date.

Stock option beneficiaries may call on the Company to transfer shares up to the number corresponding to a given option grant, no earlier than two years and no later than by the middle of the fourth year after every option grant. The stock options are restricted in that the appreciation of the Company's shares may be no more than 100% over the exercise price and the option beneficiary must keep on their asset account as many shares of Company stock obtained under that call as corresponds to 20% of the profit realized on the call date until the termination of the stock options plan. In 2016, there were five persons among employees and members of the Board of Directors who owned shares of stock obtained through the stock option plan. Only one person exercised their right to attend and vote at the Shareholders' Meeting of ČEZ as a Company shareholder.

All the persons exercised their right to dividend. One person exercised their right to submit a request for explanation and receive a response. The above-mentioned persons did not exercise any other rights associated with the ownership of Company shares. According to information submitted to the Company for the purposes of preparing this report, no beneficiary of the stock option plan transferred any separately transferable right attached to their shares to any third party.

Thank you for your attention.