CONFERENCE CALL ON CEZ GROUP FINANCIAL RESULTS IN 2012

AUDITED CONSOLIDATED RESULTS PREPARED IN ACCORDANCE WITH THE INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

Prague, 28 February 2013

AGENDA

Financial highlights and key events in CEZ Group in 2012
Martin Novák, Chief Financial Officer

Financial results
Martin Novák, Chief Financial Officer

Trading position of CEZ Group
Alan Svoboda, Executive Director Sales and Trading

WE MET ANOUNCED EXPECTATIONS OF FINANCIAL RESULTS FOR 2012

- **earnings before interest, taxes, depreciation and amortization (EBITDA)** decreased by 2.1% y-o-y (by CZK 1.8 bn) to **CZK 85.5 bn**
- **earnings before interest and taxes (EBIT)** decreased by 5.9% y-o-y (by CZK 3.6 bn) to **CZK 57.9 bn**
- **net income** decreased by 1.5% y-o-y (by CZK 0.6 bn) to **CZK 40.2 bn**

IN 2013, WE EXPECT EBITDA OF ABOUT CZK 80 BN AND NET INCOME OF ABOUT CZK 37 BN

Selected negative effects:

- declining electricity prices' trend
- reduction in the production of Czech power plants
- lower allocation of emission allowances for power production
- growth in depreciation and amortization reflecting the investment programme

Selected positive effects:

- end of operations in Albania
- full production in wind farms in Romania
- correction factors for distribution in the Czech Republic

Selected prediction risks:

- national regulatory conditions in South East Europe
- development of energy regulation in Europe (especially support of renewable sources and the emission allowance system)
- deepening debt crisis and economic slowdown in Europe

CEZ GROUP OPERATIONS IN ALBANIA WERE TERMINATED, CEZ INFORMED THE ALBANIAN GOVERNMENT OF ITS INTENTION TO INITIATE INTERNATIONAL ARBITRATION

No agreement reached either with the Albanian regulatory authority or the Prime Minister

- in spite of CEZ's repeated requests, the Albanian energy regulatory authority (ERE) failed to take the necessary steps in 2012 to prevent the inability of CEZ Shpërndarje (CEZ SH) to fulfil its obligations arising from licences and to prevent its inability to pay its debts
- the main reason for CEZ SH's increasing financial troubles was ERE's decision on tariffs for 2012-2014, taken in December 2011, in which it increased regulated electricity purchase prices for CEZ SH by 91% without a corresponding modification of regulated prices for CEZ SH's end customers

CEZ Shpërndarje excluded from the consolidated CEZ Group in January 2013

- on January 21, 2013, ERE decided to appoint an administrator of CEZ SH and to revoke its licences for distribution and electricity sale to tariff customers; thus it transferred the management of CEZ SH, including decision-making powers and responsibility for operations, to the administrator, vesting him with the rights of CEZ SH statutory bodies and the shareholder rights of ČEZ, a. s.
- therefore, operations of CEZ SH no longer have an effect on the results of CEZ Group

CEZ has taken the first step to initiate international arbitration

- on February 07, 2013, CEZ officially informed the Albanian government of its intention to conduct international arbitration on the grounds of a failure to protect the investment of ČEZ, a. s., in the distribution company CEZ SH
- a claim for damages can be made either under the agreement made between the Czech Republic and the Albanian Republic to support and mutually protect their investments or under the Energy Charter Treaty, which defines international cross-border cooperation in the energy sector

ERE = Energy regulatory authority in Albania CEZ SH = CEZ Shpërnadrje

SELECTED EVENTS IN THE PAST QUARTER ABROAD

Romania

- completion of the Fântânele and Cogealac wind park; last of the 240 turbines connected to the grid on November 22, 2012
  - Europe's biggest onshore wind park with 600 MW of installed capacity
  - total production in 2012: almost 1 TWh; record-breaking production of 141 GWh in December
  - both green certificates for Cogealac production obtained

Turkey

- unbundling of the distribution and sale company Sedaş completed, electricity sales were spun off into a newly established company Sepaş
- construction of the CCGT Egemer (872 MW) progresses according to schedule

Poland

- overhaul of two units in the ELCHO Power Plant completed
- CEZ Poland Distribution B.V. acquired a 5.97% share in Eco-Wind Construction S.A. on December 20, 2012, increasing its share in the developer (focusing on wind farms) to 75% in total

CEZ GROUP COMPANIES IN BULGARIA DULY FULFIL ALL THEIR OBLIGATIONS IMPOSED BY LAW AND THE ENERGY REGULATORY AUTHORITY

Distribution & Sale segment in Bulgaria

- acquisition of 67% in 3 distribution companies for EUR 281.5 m (CZK 7.1 bn) in 2005; dividends paid so far: EUR 43 m (CZK 1.1 bn)
- relations with the regulatory authority have been stable so far, CEZ Group meets its obligation to invest in the distribution grid to the full extent as defined by the regulator
- on February 20, 2013, the regulatory authority informed of the initiation of licence revoking proceedings without giving a reason after Prime Minister Borisov had unprecedentedly announced the fact during a live broadcast
- a day later, CEZ formally received reasons for the step, 20 different findings on breaches of applicable regulations; none of the alleged breaches can be a reason for revoking the licence
- a formal process started; CEZ will present counter-arguments by the set deadline and/or act on irregularities
- CEZ categorically denies any lapse that might result in the initiation of a licence revoking procedure and disagrees with the politicization of the whole issue

Development and regulation of the price for households in Bulgaria

- the price for households is determined by the energy regulatory authority based on a price request made by a licensed company; the prices are fully regulated
- the price determination period is a year (7/2012 - 6/2013); in 7/2012, the average final price for households grew by 13.4% (including 8.5% to support RESs) by the regulator's decision
- the meter reading and billing period is one month
- there was no change in the price of electricity in the bills for December, just the volume of consumption grew

CEZ's share in household electricity price in Bulgaria

RES = renewable resources CHP = combined heat and power production

FAVOURABLE OPINION ON THE EIA OF THE PROJECT OF NEW NUCLEAR POWER PLANT TEMELIN UNITS 3, 4 ISSUED

- on January 18, 2013, the Czech MoE issued a favourable opinion on the environmental impact assessment of the execution of the project “New Nuclear Power Plant at the Temelín Site, Including Power to the Kočín Transformation Point” based on an international EIA process
  - 60,000 comments reviewed during more than 4 years
  - 90 conditions were defined to protect the environment; fulfilling them will make the project acceptable in terms of impacts on the environment and public health
- the process of evaluating bids from Westinghouse and a consortium of Škoda JS, Atomstrojexport and Gidropress is underway
  - the result of preliminary evaluation will be announced to the bidders in early March, bilateral negotiations will then take place in order to improve the bids
- Czech OPC dismised AREVA’s complaint about exclusion from public tender, Areva declared an appeal against this decision

- public hearing in České Budějovice (June 22, 2012) attended by the public from the Czech Republic and abroad
- 2 consultations (Jan 31 and May 9, 2011 – Prague) and 1 public discussion (May 30, 2012 – Vienna) with the Austrian party

SELECTED EVENTS IN THE PAST QUARTER IN THE CZECH REPUBLIC

Record-breaking and reliable production of both nuclear power plants in 2012

- Dukovany Nuclear Power Plant generated 15,022 GWh, mainly thanks to an increase in attainable capacity
- Temelín Nuclear Power Plant generated 15,302 GWh, mainly thanks to reliable operation

Dětmarovice power plant spun off into an independent joint-stock company

- on the basis of approval of an extraordinary general meeting held on December 18, 2012, the Dětmarovice Power Plant was spun off into an independent joint-stock company on February 1, 2013

Ongoing negotiations about coal deliveries and about an agreement with the European Commission

- negotiations with Czech Coal about an agreement on coal deliveries for the Počerady power plant are still underway, ten-day coal delivery contracts are currently made and fulfilled
- negotiations with the European Commission about a settlement agreement are continuing, including the preparation of a decision on a possible sale of coal sources (spun off into independent companies in the Czech Republic)

Centralization of shared services progresses according to schedule

- ČEZ Korporátní služby, started its operations on January 01, 2013 in order to optimize the support processes of accounting, asset management and HR services
- we expect the merger of ČEZ Měření and subsequently ČEZ Logistika into ČEZ Distribuční služby, that will provide grid services, to be completed by July 01, 2013
- first organizational changes in external customer service will be made as of April 01, 2013

CEZ GROUP CONTRIBUTED A TOTAL OF CZK 44 BN TO THE CZECH STATE IN 2012, WHICH IS MORE THAN CZK 4,000 PER CITIZEN OF THE CZECH REPUBLIC

CZK 44.0 bn in total

(almost CZK 4,200 / CZ citizen)

WE HAVE MANAGED TO ADJUST TO THE DOWNWARD TREND IN ELECTRICITY PRICES AND REMAIN ONE OF THE LEAST INDEBTED ENERGY COMPANIES IN EUROPE

Standard & Poor's affirmed its "A-" rating for ČEZ, a. s., with a stable outlook, on January 29, 2013

Net economic debt* / EBITDA

* Net economic debt = net financial debt + liabilities from nuclear provision & liabilities from employee pensions &reclamation and other provision

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CEZ GROUP FINANCIAL RESULTS

(CZK bn)	2011	2012	Change	%
Revenues	209.8	215.1	+5.3	+3%
EBITDA	87.3	85.5	-1.8	-2%
Net income	40.8	40.2	-0.6	-1%
Operating CF	61.8	64.6	+2.8	+5%
CAPEX	51.1	50.4	-0.7	-1%
Net debt *)	156.2	161.0	+4.8	+3%

		2011	2012	Change	%
Installed capacity *)	GW	15.1	15.8	+0.7	+4%
Generation of electricity	TWh	69.2	68.8	-0.4	-1%
Electricity distribution to end customers	TWh	53.6	52.8	-0.8	-2%
Electricity sales to end customers	TWh	42.8	41.7	-1.1	-3%
Sales of natural gas to end customers	TWh	3.5	5.9	+2.4	+68%
Sales of heat	000´TJ	15.2	19.5	+4.3	+28%
Number of employees *)	000´s	31.4	31.3	-0.1	-0%

*) at the end of the period; 2011 net debt values were restated using current methodology to achieve consistency

DRIVERS OF Y-O-Y CHANGE IN NET INCOME

KEY DRIVERS OF Y-O-Y CHANGE IN EBITDA

Distribution Albania (CZK -6.6 bn)

- impacts of the regulator's decision on tariffs and conditions for 2012 and related additional billing by the state-owned producer KESH
- legislative measures and additional tax in the country

Distribution & Sale Central Europe (CZK +1.6 bn)

- a positive effect of growth in the margin on electricity and gas sales (CZK +2.3 bn) reduced by a negative impact of purchases from renewable sources on the distribution margin in the Czech Rep.

Power Production Romania (CZK +1.4 bn)

- in particular increase in the production of the completed wind parks at Fântânele and Cogealac

Distribution & Sale Romania (CZK +0.8 bn)

- in particular improved payment behaviour of the Romanian state railways

Energotrans (CZK +0.8 bn)

- inclusion the company into CEZ Group

CE = Central Europe *)includes multiple impacts below the significance

CHANGE OF EBITDA Y-O-Y BY SEGMENT

CE = Central Europe SEE = Southeast Europe

EBITDA BY SEGMENT: POWER PRODUCTION & TRADING CENTRAL EUROPE

CZK bn	2011	2012	Change	%
Czech Republic	53.6	54.7	1.1	+2%
Poland	1.9	2.0	0.1	+4%
Total EBITDA	**55.5**	**56.7**	**1.2**	**+2%**

Czech Republic (CZK +1.1 bn)

- higher achieved prices of electricity in CZK, especially due to exchange rates (CZK +1.4 bn)
- effect of Energotrans inclusion into CEZ Group (CZK +0.8 bn)
- other effects (CZK -0.2 bn)
- consolidation adjustments (CZK -0.9 bn)

Poland (CZK +0.1 bn)

- higher income from emission allowances (CZK +0.2 bn)
- higher cost of electricity generation from biomass and other effects (CZK -0.1 bn)

EBITDA BY SEGMENT: POWER PRODUCTION & TRADING SOUTH EAST EUROPE

CZK bn	2011	2012	Change	%
Bulgaria	1.1	0.1	-1.0	-89%
Romania	1.2	2.6	+1.4	+126%
Total EBITDA	**2.3**	**2.7**	**+0.4**	**+19%**

Bulgaria (CZK -1.0 bn)

- lower sales of emission allowances allocated to TEC Varna in NAP II (CZK -0.7 bn)
- lower production on the regulated market in March - July 2012 (CZK -0.2 bn)
- other effects (CZK -0.1 bn)

Romania (CZK +1.4 bn)

- higher power production (+0.4 TWh) in Fântânele and Cogealac wind parks
  - all 240 wind turbines with a total capacity of 600 MW installed as of December 31, 2012
  - 965 GWh (y-o-y growth by 56%) generated in wind parks in 2012

EBITDA BY SEGMENT: DISTRIBUTION & SALE CENTRAL EUROPE

CZK bn	2011	2012	Change	%
Distribution	13.9	12.6	-1.3	-9%
Sale	2.1	5.0	+2.9	+136%
Total EBITDA	**16.0**	**17.6**	**+1.6**	**+10%**

Distribution (CZK -1.3 bn)

- decrease in gross margin (CZK -1.7 bn), mainly due to higher costs of purchasing electricity from renewable sources
- cost savings and increase in contributions to ensure input power and connection (CZK +0.4 bn)

Sale (CZK +2.9 bn)

- higher margins on electricity sales in CZ (CZK +1.7 bn), lower purchase prices and reconciliation of the volume of unbilled electricity
- higher margins on sales of natural gas in CZ (CZK +0.6 bn), mainly due to an increased number of customers
- higher margins on electricity sales and higher trading profit in Slovakia (CZK +0.7 bn)

EBITDA BY SEGMENT: DISTRIBUTION & SALE SOUTH EAST EUROPE

CZK bn	2011	2012	Change	%
Romania	1.7	2.5	+0.8	+51%
Bulgaria	1.1	1.5	+0.4	+37%
Albania	0.8	-5.8	-6.6	-
Total EBITDA	**3.6**	**-1.8**	**-5.4**	**-**

Romania (CZK +0.8 bn)

- in particular positive effect of payment of overdue receivables by the Romanian state railways in H1 2012

Bulgaria (CZK +0.4 bn)

- higher margin mainly due to the regulator's decision on higher tariffs for the periods starting on July 01, 2011 and July 01, 2012 (CZK +0.5 bn)
- negative impact of purchasing electricity from solar power plants (CZK -0.1 bn)

Albania (CZK -6.6 bn)

- regulator's decision on tariffs and conditions, higher volume of losses in the grid, higher market prices of electricity imported for losses, increase in purchase prices of electricity from the state producer KESH (CZK -4.2 bn)
- addition to provision for expenses related to additional billing by KESH for electricity supplied to cover losses, additionally imposed tax, reduction of margin from the biggest customers due to a legislative measure (CZK -2.4 bn)

EBITDA BY SEGMENT: MINING CENTRAL EUROPE, OTHER CENTRAL AND SOUTH EAST EUROPE

EBITDA (CZK bn)	2011	2012	Change	%
Mining CE	**4.8**	**4.4**	**-0.4**	**-8%**
Other CE	**5.0**	**5.7**	**+0.7**	**+14%**
Other SEE	**0.1**	**0.2**	**+0.1**	**+74%**

Mining Central Europe (CZK -0.4 bn)

- overall decrease in coal mining, in particular decrease in the sales of coal and industrial mixtures for ČEZ, a. s.

Other Central Europe (CZK +0.7 bn)

- Škoda Praha Invest (CZK +0.5 bn), subsidiaries of Severočeské doly (CZK +0.2 bn) – in particular increase in services provided in CEZ Group

South East Europe (CZK +0.1 bn)

- higher margins on services provided in the CEZ Group and other effects

CE = Central Europe SEE = South East Europe

OTHER INCOME (EXPENSES)

(CZK bn)	2011	2012	Change	%
EBITDA	**87.3**	**85.5**	**-1.8**	**-2%**
Depreciation and amortization	**-25.8**	**-27.6**	**-1.8**	**-7%**
Other income (expenses)	**-9.5**	**-6.9**	**+2.6**	**+27%**
Interest balance	-5.1	-4.6	+0.5	+11%
Foreign exchange rate gains (losses) and financial derivatives	1.6	-0.1	-1.7	-
Gain (Loss) from associates and joint-ventures	-3.7	0.5	+4.2	-
Other	-2.3	-2.7	-0.4	-15%
Income taxes	**-11.2**	**-10.8**	**+0.4**	**+4%**
Net income	**40.8**	**40.2**	**-0.6**	**-1%**

Depreciation and amortization (CZK -1.8 bn)

- growth in depreciation and amortization as a result of investments in fixed assets, especially in the Czech Republic

Interest balance (CZK +0.5 bn)

- decrease in interest expense due to higher capitalization in assets and lower market interest rates

Foreign exchange rate gains/losses and financial derivatives (CZK -1.7 bn)

- lower y-o-y profit from the revaluation of MOL's option (CZK -0.8 bn), other financial derivatives and exchange rate gains/losses (CZK -0.9 bn)

Gain/loss from associates and joint-ventures (CZK +4.2 bn)

- effect of accounting of the JTSD/MIBRAG transaction in 2011 (CZK +2.8 bn)
- increase in the profit of Turkish companies, mainly due to exchange rate revaluation of USD loans (CZK +1.6 bn), other (CZK -0.2 bn)

Other (CZK -0.4 bn)

- partial goodwill write-off in the Romanian distributor (CZK -0.8 bn); lower dividends received from Dalkia ČR (CZK -0.5 bn)
- compensation of delayed acquisition of Energotrans (CZK -0.4 bn), effect of repurchase of own bonds (CZK -0.3 bn), other (CZK -0.2 bn)
- decrease in gift tax on emission allowances due to decrease in their market price (CZK +1.8 bn)

Note: Interest balance also includes interest on nuclear provisions.

DEVELOPMENT IN Q4

CEZ Group EBITDA (CZK -4.1 bn):

- **Power Production & Trading CE (CZK -2.4 bn):** CEZ* gross margin (CZK -1.1 bn), especially decrease in production volume; increase in CEZ* fixed operating costs (CZK -0.7 bn); increase in provisions and adjustments (CZK -0.4 bn); inclusion of Energotrans into CEZ Group (CZK +0.7 bn); consolidation adjustments (CZK -0.9 bn)
- **Power Production & Trading SEE (CZK -0.4 bn):** Romania (CZK +0.4 bn), especially growth in power production in the Fântânele and Cogealac wind parks; Bulgaria (CZK -0.8 bn), especially lower sales of emission allowances allocated to TEC Varna in NAP II
- **Distribution & Sale CE (CZK +1.6 bn):** electricity sales CZ (CZK +1.1 bn), especially a higher gross margin and reconciliation of the volume of unbilled electricity; gas sales CZ (CZK +0.3 bn); gas sales Slovakia (CZK +0.4 bn); distribution CZ (CZK -0.3 bn), mainly due to purchase of electricity from renewable sources
- **Distribution & Sale SEE (CZK -2.4 bn):** Albania (CZK -2.4 bn), regulator's decision to increase purchase prices, creation of provision for expenses related to additional billing by KESH for electricity supplied for losses, additionally imposed tax, higher market price of electricity imported for losses, higher volume of losses
- **Mining CE (CZK -0.6 bn):** lower revenues from coal sales (CZK -0.4 bn) especially for ČEZ, a. s.; creation of adjustment for a damaged excavator (CZK -0.2 bn)

CEZ* = ČEZ a. s., including spun-off coal-fired power plants Počerady, Chvaletice and Dětmarovice CE = Central Europe SEE = South East Europe

DEVELOPMENT IN Q4 – CONTINUED

(CZK bn)	Q4 2011	Q4 2012	Change	%
Revenues	59.2	52.6	-6.6	-11%
Operating expenses less depreciation and amortization	-34.3	-31.8	+2.5	+7%
EBITDA	**24.9**	**20.8**	**-4.1**	**-16%**
Depreciation and amortization	-6.9	-7.5	-0.6	-9%
Other income (expenses)	-0.2	-3.4	-3.2	>200%
Income taxes	-3.4	-3.0	+0.4	+13%
Net income	**14.4**	**6.9**	**-7.5**	**-52%**

Depreciation and amortization (CZK -0.6 bn):

- growth in depreciation and amortization as a result of investments in fixed assets, especially in the Czech Republic

Other income/expenses (CZK -3.2 bn):

- changes in the valuation of MOL's option (CZK -1.5 bn), other financial derivatives and exchange rate gains/losses (CZK -0.8 bn)
- partial goodwill write-off in the Romanian distribution (CZK -0.8 bn)
- other financial income/expenses (CZK -0.1 bn)

CASH FLOW

Cash flows from operating activities (CZK +64.6 bn)

- profit after adjustments (CZK +70.9 bn): cash flows generated by income before taxes (CZK +51.0 bn); adjustments for non-cash operations (CZK +33.3bn): adjustment for depreciation and amortization of nuclear fuel CZK +31.4 bn, other adjustments CZK +1.9 bn; cash operations (CZK -13.3 bn): income taxes paid CZK -11.5 bn, interest balance CZK -2.1 bn, dividends received CZK +0.3 bn
- changes in working capital (CZK -6.3 bn): increase in balance of emission allowances (CZK -6.1 bn); increase in balance of receivables/payables from derivatives (CZK -3.8 bn); increase in liquid securities (CZK -3.5 bn); decrease in other liabilities and payables (CZK +7.1 bn) especially of contingencies accruals and deferrals

Cash flows used for investing activities (CZK -53.1 bn)

- investments in property, plant and equipment (CAPEX) total (CZK -50.4 bn) – see details in Annex
- acquisition of subsidiaries (CZK -5.3 bn) – Energotrans (CZK -4.1 bn), Akcez (CZK -0.8 bn), Eco-Wind (CZK -0.4 bn)
- other (CZK +2.6 bn) – especially income from sale of fixed assets and repayments of loans granted

Cash flows from financing activities, incl. exchange rate differences (CZK -15.6 bn)

- balance of loans and repayments (CZK +8.2 bn); dividends paid (CZK -24.0 bn)
- other (CZK +0.2 bn) – especially the effect of exchange rate differences on cash

*) investments in fixed assets = CAPEX **) including the balance of loans granted, divestments and change of restricted funds ***) in particular effect of exchange rate differences

CEZ GROUP MAINTAINS A STRONG LIQUIDITY POSITION

Utilization of short-term credit lines (as of 31/12/2012)

Bond maturity profile (as of 31/12/2012)

- Net debt/EBITDA grows to 1.88 y-o-y
- CEZ Group has access to CZK 29 bn in committed credit facilities, using just CZK 1.9 bn as of 31/12/2012
- average maturity of CEZ Group's financial debts increased again, exceeding 8 years
- bonds with a total value of CZK 21bn*) repaid in 2012
- the first commitment of a bank residing outside CZ, with a value of EUR 50m, signed under the domestic bond programme in February 2013

CEZ Group financing on capital and banking markets in 2012

Volume		Maturity
USD 700 m	US bonds market	2022
USD 300 m	US bonds market	2042
EUR 40 m	Bilateral credit contract	2014
EUR 100 m	European Investment Bank loan	2022
EUR 40 m	Registered NSV bonds	2032
EUR 150 m	Private bond issue	2014
EUR 50 m	Private bond issue	2042
EUR 191 m	Private bond issue	2047

*) regular repayments of issues maturing in 2012 + extra repurchase of a portion of the 4th issue of Euro bonds maturing in 2013

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TEMPERATURE ADJUSTED ELECTRICITY CONSUMPTION IN THE CZECH REPUBLIC VIRTUALLY STAGNATES Y-O-Y

Consumption in CZ

Consumption in CZ (temperature adjusted)**

Consumption development by segment:*

- -0.6% wholesale customers
- +2.7% households
- +0.6% small businesses

Monthly y-o-y absolute consumption indices for the Czech Republic (temperature and calendar adjusted)

* source: ERO ** converted to a normal temperature per ČEZ, a. s. model

CZECH REPUBLIC - DECREASE IN ELECTRICITY PRODUCTION FROM COAL SOURCES IN 2013 IS PARTIALLY COMPENSATED BY NUCLEAR SOURCES

Nuclear power plants (+7%)

+ shorter outages and reliable operation of Temelín Nuclear Power Plant
+ increase in attainable capacity of Dukovany Nuclear Power Plant

Coal-fired power plants (-5%)

− start of comprehensive refurbishment of three units at Prunéřov II Power Plant on September 01, 2012
+ increase in power production by putting refurbished Tušimice Power Plant into operation

Nuclear power plants (+2%)

+ shorter outages of Dukovany Nuclear Power Plant

Coal-fired power plants (-18%)

− lower fuel deliveries
− year-round comprehensive refurbishment of three units of Prunéřov II Power Plant

IN 2013 WE EXPECT INCREASED PRODUCTION ABROAD IN COMPLETED WIND FARMS IN ROMANIA AS WELL AS INCREASED PRODUCTION IN BULGARIA

Romania renewables (+55%)

+ completion of the Fântânele & Cogealac wind park

Poland – coal-fired ELCHO & Skawina plants (+2%)

+ increased electricity generation from biomass

Bulgaria – coal-fired plant Varna (-49%)

− decrease in power production caused by lower demand for deliveries to regulated market, especially lower activation of cold reserve

Romania renewables (+48%)

+ production at all 240 wind turbines in Fântânele & Cogealac since January 01, 2013

Poland – coal-fired ELCHO & Skawina plants (+4%)

+ planned boiler repairs at ELCHO plant in 2012
+ further increase in electricity generation from biomass
+ commencement of small hydroelectric power plant Borek

Bulgaria – coal-fired Varna plant (+23%)

+ increased power production for regulated market (higher activation of cold reserve)

SEVEROČESKÉ DOLY IS READY TO COVER CEZ'S HIGH DEMAND FOR COAL IN 2013

Coal mining (mil. tons)

- demand for coal in 2012 was adversely affected by lower electricity production in CEZ Group

ČEZ CONTINUES HEDGING ITS REVENUES FROM ELECTRICITY PRODUCTION IN THE MEDIUM TERM IN LINE WITH STANDARD POLICY

Share of hedged production from power plants of CEZ*

(as of February 15, 2013, 100% corresponds to 51-56 TWh)

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

DEROGATION OF EMISSION ALLOWANCES FOR ELECTRICITY PRODUCTION IN THE CZECH REPUBLIC APPROVED BY THE EC

- **in December 2012, the European Commission approved the Czech Republic's application for granting emission allowances for electricity production in 2013-2019 (NAP III period)**
  - Czech energy companies can thus get a total of **107.7 million** emission allowances in exchange for investments reducing greenhouse gas emissions
  - CEZ Group can get up to **76.1 million** emission allowances in CZ
  - the volume of allocated allowances decreases over years to zero allocation in 2020
  - the 2013 allocation for CEZ Group in the Czech Republic was **15 million** allowances less than in 2012; we had to cover the deficit for power plant production by buying on the market, which adversely affects the y-o-y development of costs of electricity and heat production in CEZ Group

- **CEZ Group invested (in the first reporting period of June 25, 2009 – November 30, 2012) a total of CZK 22 bn in projects reducing greenhouse gas emissions in CZ**
  - by 2019, CEZ Group plans to invest additonal up to **CZK 47 bn** into such projects
  - the current market value of emission allowances allocated to CEZ Group in CZ for 2013 is about **CZK 3.5 bn**

SINCE JANUARY 1, 2013, COMPANY ČEZ PRODEJ HAS BEEN THE NEW MANDATORY PURCHASER IN THE DISTRIBUTION SERVICE AREA OF ČEZ DISTRIBUCE COMPANY

- Act 165/2012 Coll., on suported energy sources and on amendments to some acts:
  - newly regulates support of electricity generation from suported sources
  - changes the entire system of production support and the entities – especially in mandatory purchases and green bonus payments
- on the basis of an MIT notification, the mandatory purchaser for a given area in 2013 and 2014 will be the electricity supplier that is the supplier of last resort

Forms of support paid newly as follows:

- **feed in tariffs** – in the service area of ČEZ Distribuce, electricity from renewable sources is purchased and the fixed purchase price (feed-in tariffs) is paid **by ČEZ Prodej**
- **green bonuses** for generated electricity are **paid** to producers by **OTE, a. s. as the market operator**

New system scheme:

ČEZ PRODEJ HAS BEEN THE BIGGEST ALTERNATIVE GAS SUPPLIER IN TERMS OF THE NUMBER OF CONNECTION POINTS SINCE JANUARY 2012

Numbers of contracts received by ČEZ Prodej (cumulative)

Connection points ratio – alternative gas suppliers vs ČEZ Prodej

* including České Energetické Centrum Jih

source: ERO, as of December 31, 2012

ANNEXES

- Market developments
- Investments in fixed assets
- Balance sheet overview
- Balance of electricity

MARKET DEVELOPMENTS

INVESTMENTS IN FIXED ASSETS (CAPEX)

Investments in fixed assets in 2012:	**CZK 50.4 bn**
Conventional power plants	**CZK 17.6 bn** Tušimice comprehensive refurbishment: stage 2 finished, at unit 21 and 22 operation under guarantee Prunéřov II comprehensive refurbishment: start 01/09/2012, demolition and site clearance for construction in progress, provisional arrangements for operation of unit 21 and 22 completed Ledvice new source: construction work continued in 2012, mostly on the boiler house, turbine house and desulphurization Počerady gas turbine plan: steps necessary for commencement taken; cold test performed on gas turbines
Nuclear power plants	**CZK 7.6 bn** Temelín NPP: refuelling outage occurred at both units in 2012, during which planned investment projects were executed Dukovany NPP: two scheduled outages occurred in 2012; control supervision system refurbished at Unit 3, capacity of Unit 2 increased to 500 MW Temelín NNPP: bids are being evaluated, preparations for the consent and licencing process and preparations of related projects and induced investments continue Dukovany NNPP: investment preparation and territory planning documentation schedule updated; land at the site is being purchased
Renewables	**CZK 7.3 bn** Romania – Fântânele-Cogealac wind park: both projects are almost completed, all wind turbines connected
Electricity distribution	**CZK 11.4 bn** Czech Republic: CZK 8.3 bn Romania: CZK 1.5 bn Bulgaria: CZK 1.4 bn Albania: CZK 0.2 bn
Mining	**CZK 3.3 bn** Investments in plant and buildings on overburden section 1 and 2 of the Bílina mine. Reconstruction of large-scale excavators and mine belt conveyors in Bílina and Nástup Tušimice mines.
Others	**CZK 3.2 bn**

BALANCE SHEET OVERVIEW

Fixed assets

- increase in fixed tangible assets CZK +33.0 bn: investments in fixed assets and acquisition (Energotrans)
- reduction in other fixed assets CZK -5.4 bn: decrease in long-term financial assets CZK -13.4 bn (esp. Pražská Teplárenská), increase in intangible assets CZK +5.0 bn, other CZK +3.0 bn

Current assets

- increase in receivables, especially from trade derivatives CZK +6.4 bn
- increase in balance of acquired emission allowances CZK +6.1 bn
- decrease in assets held for sale CZK -3.8 bn (Mibrag)
- increase in inventories of fossil fuels and materials CZK +2.4 bn
- other CZK -0.9 bn

Equity and long-term liabilities

- increase in equity CZK +22.0 bn: net income CZK +40.2 bn, dividends CZK -24.0 bn, other comprehensive income CZK +5.8 bn (gain on hedging transactions)
- increase in long-term liabilities CZK +12.3 bn: especially from bond issues
- increase in nuclear provision (reduction in interest rates) CZK +5.1 bn
- increase in deferred tax liability CZK +4.8 bn

Current liabilities

- decrease in current portion of long-term debt and bank loans CZK -8.0 bn
- decrease in liabilities from derivatives, incl. options CZK -2.6 bn
- decrease in trade payables, incl. received advances CZK -2.2 bn
- increase in accruals (delivered unbilled electricity) CZK +5.4 bn
- increase in short-term provisions and other effects CZK +1.0 bn

Note: 2011 financial data was adjusted by revaluating the acquisition of Ecowind to the fair value in accordance with IFRS.

Electricity balance (GWh)

	2011	2012	Index 2012/2011
Electricity procured	**62,532**	**62,217**	**-1%**
Generated in-house (gross)	69,209	68,832	-1%
In-house and other consumption, including pumping in pumped-storage plants	-6,677	-6,615	-1%
Sold to end customers	**-42,846**	**-41,732**	**-3%**
Sold in the wholesale market (net)	**-12,365**	**-12,283**	**-1%**
Sold in the wholesale market	-220,388	-230,257	+4%
Purchased in the wholesale market	208,023	217,974	+5%
Grid losses	**-7,321**	**-8,202**	**+12%**

Electricity generation by source (GWh)

	2011	2012	Index 2012/2011
Nuclear	28,283	30,324	+7%
Coal and lignite	37,508	34,319	-9%
Water	1,895	2,102	+11%
Biomass	734	931	+27%
Photovoltaic	130	140	+8%
Wind	629	975	+55%
Natural gas	30	40	+33%
Bio gas	0	1	-
Total	**69,209**	**68,832**	**-1%**

Sales of electricity to end customers (GWh)

	2011	2012	Index 2012/2011
Households	-16,793	-16,119	-4%
Commercial (low voltage)	-8,359	-7,802	-7%
Commercial and industrial (medium and high voltage)	-17,694	-17,811	+1%
Sold to end customers	**-42,846**	**-41,732**	**-3%**

Distribution of electricity to end customers	**-53,628**	**-52,775**	**-2%**

Electricity balance (GWh)

2012	Power Production & Trading CE		Distribution & Sale CE		Power Production & Trading SEE		Distribution & Sale SEE		Eliminations		CEZ Group	
	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-
Electricity procured	**59,801**	**+1%**	**0**	**-**	**2,416**	**-30%**	**0**	**-**	**0**	**-**	**62,217**	**-1%**
Generated in-house (gross)	66,295	+1%	0	-	2,537	-31%	0	-	0	-	68,832	-1%
In-house and other consumption, including pumping in pumped-storage plants	-6,494	+1%	0	-	-121	-51%	0	-	0	-	-6,615	-1%
Sold to end customers	**-487**	**+24%**	**-23,799**	**-1%**	**-24**	**+60%**	**-17,422**	**-5%**	**0**	**-**	**-41,732**	**-3%**
Sold in the wholesale market (net)	**-59,314**	**+1%**	**26,308**	**-1%**	**-2,392**	**-30%**	**23,115**	**+0%**	**0**	**-**	**-12,283**	**-1%**
Sold in the wholesale market	-253,089	+3%	-8,119	-30%	-2,392	-30%	-1,168	+61%	34,511	-15%	-230,257	+4%
Purchased in the wholesale market	193,775	+4%	34,427	-10%	0	-	24,283	+2%	-34,511	-15%	217,974	+5%
Grid losses	**0**	**-**	**-2,509**	**-2%**	**0**	**-**	**-5,693**	**+19%**	**0**	**-**	**-8,202**	**+12%**

Electricity generation by source (GWh)

2012	Power Production & Trading CE		Distribution & Sale CE		Power Production & Trading SEE		Distribution & Sale SEE		Eliminations		CEZ Group	
	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-
Nuclear	30,324	+7%	0	-	0	-	0	-	0	-	30,324	+7%
Coal and lignite	32,784	-5%	0	-	1,535	-50%	0	-	0	-	34,319	-9%
Water	2,071	+11%	0	-	31	+48%	0	-	0	-	2,102	+11%
Biomass	931	+27%	0	-	0	-	0	-	0	-	931	+27%
Photovoltaic	135	+4%	0	-	5	-	0	-	0	-	140	+8%
Wind	9	+0%	0	-	966	+56%	0	-	0	-	975	+55%
Natural gas	40	+33%	0	-	0	-	0	-	0	-	40	+33%
Bio gas	1	-	0	-	0	-	0	-	0	-	1	-
Total	**66,295**	**+1%**	**0**	**-**	**2,537**	**-31%**	**0**	**-**	**0**	**-**	**68,832**	**-1%**

Sales of electricity to end customers (GWh)

2012	Power Production & Trading CE		Distribution & Sale CE		Power Production & Trading SEE		Distribution & Sale SEE		Eliminations		CEZ Group	
	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-
Households	0	-	-8,121	-2%	0	-	-7,998	-6%	0	-	-16,119	-4%
Commercial (low voltage)	0	-	-3,253	-9%	0	-	-4,549	-5%	0	-	-7,802	-7%
Commercial and industrial (medium and high voltage)	-487	+24%	-12,425	+2%	-24	+60%	-4,875	-4%	0	-	-17,811	+1%
Sold to end customers	**-487**	**+24%**	**-23,799**	**-1%**	**-24**	**+60%**	**-17,422**	**-5%**	**0**	**-**	**-41,732**	**-3%**
Distribution of electricity to end customers	**0**	**-**	**-32,840**	**+1%**	**0**	**-**	**-19,935**	**-5%**	**0**	**-**	**-52,775**	**-2%**

Electricity balance (GWh)

2012	Czech Republic		Poland		Other Central Europe		Bulgaria		Romania		Albania		Eliminations		CEZ Group	
	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-
Electricity procured	**57,824**	**+1%**	**1,976**	**+3%**	**0**	**-**	**1,427**	**-49%**	**990**	**+56%**	**0**	**-**	**0**	**-**	**62,217**	**-1%**
Generated in-house (gross)	64,035	+1%	2,259	+2%	0	-	1,541	-49%	997	+56%	0	-	0	-	68,832	-1%
In-house and other consumption, including pumping in pumped-storage plants	-6,211	+1%	-283	+1%	0	-	-114	-53%	-7	+0%	0	-	0	-	-6,615	-1%
Sold to end customers	**-21,346**	**-3%**	**-217**	**+128%**	**-2,724**	**+12%**	**-10,098**	**+1%**	**-3,576**	**+9%**	**-3,771**	**-25%**	**0**	**-**	**-41,732**	**-3%**
Sold in the wholesale market (net)	**-33,970**	**+4%**	**-1,759**	**-4%**	**2,724**	**+12%**	**10,016**	**+16%**	**3,854**	**-4%**	**6,852**	**-3%**	**0**	**-**	**-12,283**	**-1%**
Sold in the wholesale market	-226,937	+5%	-2,076	-3%	-4,332	-21%	-1,846	-39%	-1,706	+55%	0	-	6,640	-17%	-230,257	+4%
Purchased in the wholesale market	192,967	+5%	317	+5%	7,056	-11%	11,862	+2%	5,560	+9%	6,852	-3%	-6,640	-17%	217,974	+5%
Grid losses	**-2,508**	**-2%**	**0**	**-**	**0**	**-**	**-1,345**	**-6%**	**-1,268**	**-5%**	**-3,081**	**+54%**	**0**	**-**	**-8,202**	**+12%**

Electricity generation by source (GWh)

2012	Czech Republic		Poland		Other Central Europe		Bulgaria		Romania		Albania		Eliminations		CEZ Group	
	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-
Nuclear	30,324	+7%	0	-	0	-	0	-	0	-	0	-	0	-	30,324	+7%
Coal and lignite	31,038	-5%	1,745	-8%	0	-	1,536	-50%	0	-	0	-	0	-	34,319	-9%
Water	2,066	+11%	5	-17%	0	-	0	-	31	+48%	0	-	0	-	2,102	+11%
Biomass	422	-1%	509	+66%	0	-	0	-	0	-	0	-	0	-	931	+27%
Photovoltaic	135	+4%	0	-	0	-	5	-	0	-	0	-	0	-	140	+8%
Wind	9	+0%	0	-	0	-	0	-	966	+56%	0	-	0	-	975	+55%
Natural gas	40	+33%	0	-	0	-	0	-	0	-	0	-	0	-	40	+33%
Bio gas	1	-	0	-	0	-	0	-	0	-	0	-	0	-	1	-
Total	**64,035**	**+1%**	**2,259**	**+2%**	**0**	**-**	**1,541**	**-49%**	**997**	**+56%**	**0**	**-**	**0**	**-**	**68,832**	**-1%**

Sales of electricity to end customers (GWh)

2012	Czech Republic		Poland		Other Central Europe		Bulgaria		Romania		Albania		Eliminations		CEZ Group	
	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-
Households	-8,017	-3%	0	-	-105	-	-4,311	+1%	-1,611	+4%	-2,075	-22%	0	-	-16,119	-4%
Commercial (low voltage)	-3,181	-11%	0	-	-72	>200%	-2,804	-1%	-929	-1%	-816	-18%	0	-	-7,802	-7%
Commercial and industrial (medium and high voltage)	-10,148	+1%	-217	+128%	-2,547	+5%	-2,983	+3%	-1,036	+29%	-880	-37%	0	-	-17,811	+1%
Sold to end customers	**-21,346**	**-3%**	**-217**	**+128%**	**-2,724**	**+12%**	**-10,098**	**+1%**	**-3,576**	**+9%**	**-3,771**	**-25%**	**0**	**-**	**-41,732**	**-3%**
Distribution of electricity to end customers	**-32,840**	**+1%**	**0**	**-**	**0**	**-**	**-9,186**	**-0%**	**-6,978**	**-5%**	**-3,771**	**-16%**	**0**	**-**	**-52,775**	**-2%**