



ČEZ GROUP BRIEF REPORT ON OPERATIONAL, ECONOMIC AND FINANCIAL RESULTS FOR THE YEAR 2005

PRELIMINARY, CONSOLIDATED, NON-AUDITED RESULTS IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

Main Features

- Net income grew 56.3% to CZK 22.3 billion (up CZK 8.0 billion), thanks in part to the acquisitions of Severočeské doly a.s. (which contributed CZK 1.7 billion to the bottom line) and Electrica Oltenia (whose negative goodwill write-off improved ČEZ Group net income by another CZK 1.7 billion).
- EBIT was up 48.7% (CZK 9.6 billion) year-on-year to CZK 29.4 billion, CZK 2.1 billion of which can be attributed to Severočeské doly a. s.
- ČEZ, a. s. qualified as one of the five finalists in the privatization of Electrica Muntenia Sud S.A.
- An agreement to purchase majority stakes in the Polish power companies Elcho (89% stake) and Skawina (75% stake) from U.S.-based PSEG Global was signed in January 2006. These acquisition targets represent total installed generating capacity of 810 MW (220 MW + 590 MW).
- On 22 February 2006, the Bulgarian privatization agency invited ČEZ, a. s. to enter into exclusive negotiations on the purchase of the Varna Power Station. Exclusive negotiating status was granted for a period of 60 days.
- The shares of ČEZ, a. s. gained 116.1% on the Prague Stock Exchange in 2005 (going from CZK 341 to CZK 736 per share), and their closing price on March 17 was CZK 819.
- On 15 March 2006, ČEZ, a. s. bid in a tender for a 90% equity stake in the distribution company A.D. Elektrostopanstvo na Makedonia (AD ESM).

Prague, 21 March 2006

	2005		2004		Index	
	CZK m	GWh	CZK m	GWh	05/04 (CZK)	05/04 (GWh)
Revenues	125,083		102,670		121.8%	
Sales of electricity	115,949	74,432	92,183	67,662	125.8%	110.0%
End-user sales	43,747	39,966	26,748	31,670	163.6%	126.2%
Sales to distribution companies	16,790	16,089	13,542	14,866	124.0%	108.2%
Domestic traders, market operator, other *	13,260	10,195	10,115	8,183	131.1%	124.6%
Export	8,257	8,183	10,309	12,943	80.1%	63.2%
Change of FV of derivatives - sale of electricity	-576		0			
Ancillary and distribution services	34,471		31,470		109.5%	
Heat sales, sale of coal and other revenues	9,134		10,487		87.1%	
Operating expenses	95,663		82,885		115.4%	
Fuel	9,010		9,305		96.8%	
Purchased power and related services	37,474		26,519		141.3%	
of which, e.g.: Purchased electricity	26,109	25,123	14,472	14,121	180.4%	177.9%
Depreciation and amortization	20,737		19,842		104.5%	
Operating income (EBIT)	29,420		19,785		148.7%	
EBITDA	50,157		39,627		126.6%	
Other expenses(+) / income(-)	2,097		1,284		163.3%	
Income before income taxes (EBT)	27,323		18,501		147.7%	
Income taxes	5,025		4,233		118.7%	
Net income	22,298		14,268		156.3%	
Net income attributable to equity holders of the parent	21,452		13,213		162.4%	
Net income attributable to minority interests	846		1,055		80.2%	
	Units	2005	2004	Index 05/04		
Price earnings ratio (P/E)	1	20.0	15.3	130.9%		
Return on equity (ROE) net	%	12.3	7.9	155.5%		
Return on invested capital (ROIC)	%	7.9	5.8	136.2%		
EBITDA margin	%	40.1	38.6	103.9%		
EBIT margin	%	23.5	19.3	122.0%		
Total indebtedness (provisions excluded)	%	27.5	28.8	95.6%		
Long-term indebtedness	%	14.1	17.7	79.3%		

* of which, earmarked for export: 6,703 GWh in 2005 and 5,885 GWh in 2004

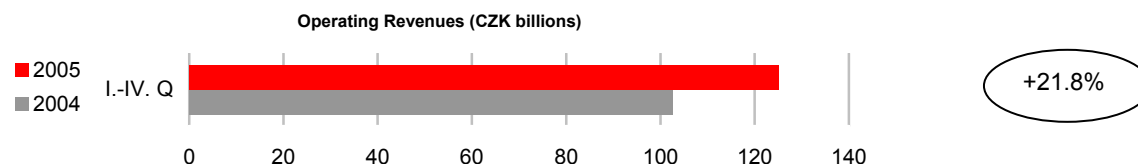
The data for 2005 and 2004 in the table above are presented in conformity with the principle of pooling of interests. Since both ČEZ, a. s. and Severočeské doly a. s. were controlled by the Czech National Property Fund, the consolidated results for 2005 and 2004 are presented as if ČEZ, a. s. had controlled Severočeské doly a.s and its subsidiaries in both years.

At the end of December 2005, ČEZ Group consisted of 36 fully consolidated companies and 5 companies consolidated by the equity method. The consolidated group increased mainly by the inclusion of three Bulgarian electricity distribution companies at the beginning of the year. Romania-based Electrica Oltenia S.A. was acquired in the fourth quarter and was consolidated only for this period of 2005.

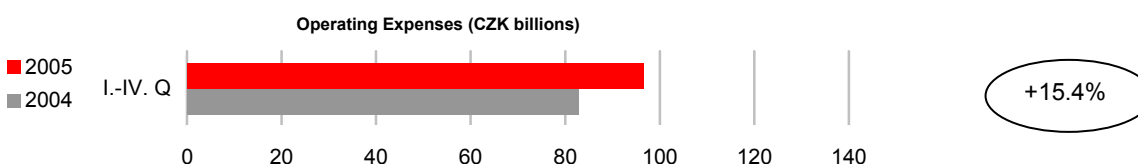
Revenues, Expenses, Income

Electricity sales increased by 25.8%, driven mainly by end-user sales, which were up by CZK 17.0 bn. Of this amount, the Bulgarian distribution companies contributed CZK 11.8 bn and the Romanian company Electrica Oltenia CZK 2.6 bn. External sales of coal totaled CZK 2.7 bn, down by 8.2% from the previous year. At least 78% of the coal produced by ČEZ Group member Severočeské doly a.s. in 2005 was consumed by ČEZ Group power plants.

EBIT was up for the year (by 48.7%) thanks to higher electricity prices in both the Czech Republic domestic market and Central European export markets. The Bulgarian and Romanian ČEZ Group members contributed CZK 803 million and CZK 70 million, respectively, to the EBIT figure. In Central Europe, the impact of higher electricity prices outweighed lower sales volumes by 3.1%. Electricity export revenues, including proprietary trading outside of the Czech Republic, were down by 19.9% (CZK 2.1 bn) but volumes decreased at a much higher rate (by 36.8%), due in part to higher export through domestic traders. Ancillary and distribution services revenues were up CZK 3.0 bn (9.5%).

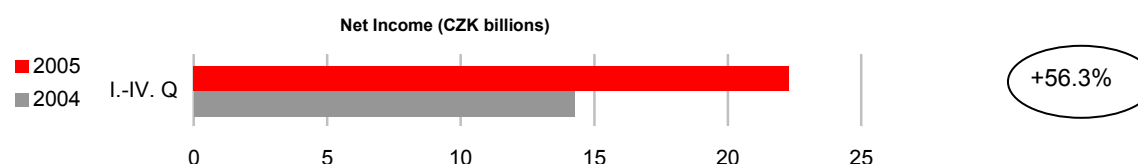


Expenses rose by CZK 12.8 bn (15.4%). The main factors driving the increase were higher purchases of power and related services (up CZK 11.0 bn) and personnel expenditures (up CZK 2.1 bn, or 18.1%), corresponding to the growing number of ČEZ Group employees. Another significant factor was CO₂ permit arbitrage, allowing optimization of electricity generation and generating CZK 1.1 bn in net sales. There was also a CZK 0.3 billion (3.2%) reduction in fuel expenses, which is attributable to lower electricity production in nuclear power plants reducing nuclear fuel consumption. The higher power purchases already mentioned above were reduced by a CZK 0.8 billion change in the real value of derivatives related to purchases of electricity. Also reduced were repairs and maintenance expenses (by CZK 0.6 bn, or 13.2%) as well as material costs (down CZK 0.6 billion, or 13.1%). Other operating expenses rose by CZK 1.5 bn, due especially to other services expenses (up CZK 1.2 billion).



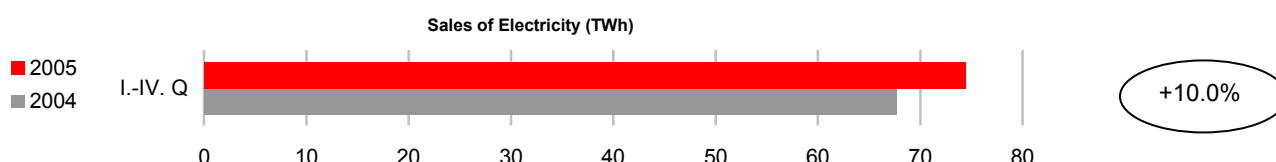
In the finance area, the CZK 0.8 billion year-on-year increase in expenses was primarily due to lower interest income (CZK 0.3 bn), lower revenues from securities and shares sold (CZK 0.5 bn), lower income from associates (CZK 0.6 bn) and a loss on sales of subsidiaries and associates (CZK 0.2 bn). Higher foreign exchange rate losses (CZK 2.0 bn) were largely off-set by financial derivatives (CZK 1.8 bn). A negative goodwill write-off (see next paragraph) had a positive impact on income (CZK 1.7 bn).

Net income of ČEZ Group rose by 56.3% to CZK 22.3 bn, thanks in part to the acquisitions of Severočeské doly a.s. (which contributed CZK 1.7 billion to the bottom line) and Electrica Oltenia (whose negative goodwill write-off improved ČEZ Group net income by CZK 1.7 billion). Net income attributable to the parent company's shareholders increased by CZK 8.2 bn (62.4%), while net profit attributable to minority shareholders decreased by CZK 0.2 bn due to ČEZ, a. s. increasing its stakes in its subsidiaries.



THE NUMBER OF EMPLOYEES of ČEZ Group (fully consolidated 36 companies) reached 29,905, a year-on-year increase of 7,137 persons (31.3%). This growth corresponded to the acquisition of Bulgarian and Romanian companies (which added 4,693 and 2,969 employees, respectively). Central European companies reported a net decrease of 525 employees for the year. In accordance with the pooling of interests principle, Severočeské doly a.s. was treated as if it had been a member of ČEZ Group in both 2004 and 2005.

Sales of Electricity



Overall, 2005 ČEZ Group sales volume was 74.4 TWh, of which Czech companies accounted for 65.5 TWh (including exports), Bulgarian companies 7.9 TWh, and Romanian (fourth quarter only) 1.0 TWh.

CZECH REPUBLIC

CZECH REPUBLIC ELECTRICITY DEMAND for the entire year 2005 was 57.7 TWh, which corresponds to year-on-year growth of 1.3 TWh (2.3%). **ČEZ GROUP SHARE IN FINAL CONSUMPTION** fell 2.2% to 54.7% due to a change in classification of our customers.

Czech ČEZ Group members sold 65.5 TWh of electricity, 57.4 TWh in the Czech market and 8.1 TWh for export. The new opportunity of arbitrage between generation/sales of electricity and the sale of CO₂ emissions permits had a significant

impact. Total sales were down by 2.1 TWh (5.0%) from 2004. Of the decline, 4.8 TWh was attributable to lower exports while sales in the Czech market rose by 2.6 TWh (4.8%).

Electricity generation volume in 2005 reached a total of 60.0 TWh, which is down 2.1 TWh (3.4%) year-on-year. Mainly as a result of lower availability of Temelín Nuclear Power Station, nuclear power plants generated 24.7 TWh (41.2% of total generation), or 1.6 TWh less than in 2004. Overall output of fossil power stations, at 33.1 TWh (55.2% of total generation), was down by 0.9 TWh. Generation in hydro power plants grew by 0.4 TWh to 2.2 TWh (3.6% of total generation). Besides CO₂ permit arbitrage, lower power station availability is the principal reason for the decrease in generation.

BULGARIA

In the year 2005, the three Bulgarian distribution companies belonging to ČEZ Group sold an aggregate total of 7,937 GWh of electricity, contributing CZK 11.8 bn to revenues.

ROMANIA

The Romanian distribution company Electrica Oltenia SA sold 4,170 GWh of electricity in 2005, generating CZK 10.3 bn in revenues. Only the results for the fourth quarter were consolidated, however (953 GWh of electricity sold, contributing CZK 2.6 bn to Group revenues).

Investment Program

Additions to property, plant and equipment in 2005 totalled CZK 15.7 billion, down CZK 1.3 bn (7.4%).

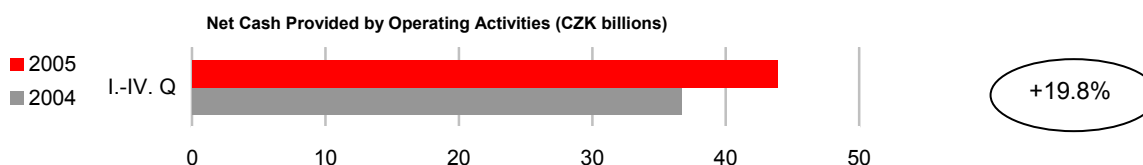
In Dukovany, construction of a spent nuclear fuel storage facility was completed. At Temelín Nuclear Power Station, authorities issued a positive use permit decision on Unit 1 on 15 December 2005. Use permit proceedings on Unit 2 will take place in 2006. In November 2005 a business plan for a new 660 MW generating unit at the Ledvice Power Station was approved with commissioning planned for late 2011. February 2006 saw the approval of a business plan for a comprehensive upgrade of the Prunéřov II Power Station (4 x 200 MW), to follow directly after completion of the comprehensive upgrade of Tušimice II.

Distribution companies invested in the distribution grid (building substations, renovation of voltage lines and cables, and installing electric metering devices). The main purposes for such investments were to reduce transmission and trade losses, increase the security of power supply, and connect new customers to grid. At Severočeské doly a.s., the capacity of a sewage treatment plant was increased and a new digging-wheel excavator was assembled.

Financing

NET CASH PROVIDED BY OPERATING ACTIVITIES reached CZK 43.9 billion for an increase of CZK 7.3 billion (19.8%) compared to 2004. Contributing to the rise were, in particular, income before taxes (up CZK 8.8 billion), foreign exchange rate losses/gains (up CZK 2.0 bn) and fixed asset retirements (up CZK 1.3 bn), while income taxes paid contributed CZK 1.0 bn. Negative factors included a CZK 6.2 billion change in the balance of assets and liabilities (receivables and other current assets in particular) and provisions for doubtful accounts, environmental claims and other adjustments (down CZK 0.9 bn).

Total cash used in **INVESTING ACTIVITIES** (CZK 24.0 billion) was down year-on-year by CZK 6.5 billion (21.4%). The principal capital outlays went on property, plant and equipment (CZK 15.7 bn) and acquisitions of subsidiaries and associates (CZK 12.3 bn).



Net cash flow from **FINANCING ACTIVITIES** was an outflow of CZK 11.9 bn, compared to an outflow of CZK 1.9 bn in 2004. The main reason was a CZK 14.5 bn year-on-year decrease in proceeds from borrowings, while payments of borrowings decreased by only CZK 6.1 bn. Dividends paid increased y-o-y by CZK 0.8 bn to CZK 7.0 bn.

ČEZ, A. S. Ratings:

Standard & Poor's: "BBB+" with positive outlook (increase from stable outlook as of May 2005)

Moody's: "A2" with stable outlook (up from "A3" as of September 2005)

Other Information

- As of 1 January 2006, the Czech Republic electricity market was completely opened to competition, with all final customers including households now eligible to choose their supplier.
- On 11 January 2006, ČEZ, a. s. made its first trades in CO₂ emissions permits on the ECX exchange in Amsterdam.
- On 31 January 2006, ČEZ, a. s. submitted a binding bid to purchase a stake in Electrica Muntenia Sud S.A. and as of 7 March 2006 ČEZ, a. s. qualified as one of five finalists in the privatization of Electrica Muntenia Sud S.A.
- On 8 February 2006, ČEZ, a. s. opened a commercial representation office in Slovakia, with the objective of developing ČEZ Group's commercial relationships in the Slovak market.
- Based on a post-acquisition audit, ČEZ, a. s. paid an additional EUR 15.5 million for Electrica Oltenia S.A.. This is the last payment under the privatization agreement and represents ČEZ's share in the increase in net assets. This brings the total amount paid by ČEZ, a. s. for Electrica Oltenia S. A. to EUR 166.5 million.
- On 14 February 2006, the Securities Commission approved the squeeze-out of minority shareholders from Severočeské doly a.s. by ČEZ, a. s.
- On 26 January 2006, Zdeněk Hrubý became the new Chairman of the Supervisory Board and Jiří Havel, who resigned from the Supervisory Board, was replaced by Zdeněk Trojan.
- Daniel Beneš and Tomáš Pleskač joined the Board of Directors of ČEZ, a. s. to replace outgoing members Petr Vobořil and Radomír Lašák. Board member Jiří Borovec was elected Vice Chairman of the Board of Directors.
- On 15 March 2006, ČEZ, a. s. bid in a tender for a 90% equity stake in the distribution company A.D. Elektrostopanstvo na Makedonia (AD ESM).

Consolidated Income Statement in accordance with IFRS (CZK m)	1. - 12. / 2005	1. - 12. / 2004
Revenues	125,083	102,670
Sales of electricity	115,949	92,183
Heat sales, sale of coal and other revenues	9,134	10,487
Operating expenses	95,663	82,885
Fuel	9,010	9,305
Purchased power and related services	37,474	26,519
Repairs and maintenance	4,229	4,872
Depreciation and amortization	20,737	19,842
Salaries and wages	13,426	11,368
Materials and supplies	4,020	4,625
Emission rights	-1,053	0
Other operating expenses	7,820	6,354
Income before other expense/income and income taxes	29,420	19,785
Other expenses/income	2,097	1,284
Interest on debt, net of capitalized interest	1,800	1,823
Interest on nuclear provisions	2,447	2,425
Interest income	-437	-721
Foreign exchange rate losses/gains, net	266	-1,765
Gain(-)/Loss on sale of subsidiary/associate	170	0
Negative goodwill write-off	-1,704	0
Other expenses/income, net	-343	244
Income from associates	-102	-722
Income before income taxes	27,323	18,501
Income taxes	5,025	4,233
Net income	22,298	14,268
Net income attributable to equity holders of the parent	21,452	13,213
Net income attributable to minority interests	846	1,055
Earning per Share in CZK - basic	36.3	22.3
Earning per Share in CZK - diluted	36.2	22.3

Consolidated Statement of Shareholders' Equity in accordance with IFRS (CZK m)	Attributable to Equity Holders of the Parent					Minority Interests	Total Equity
	Stated Capital	Translation Differences	Fair Value and Other Reserves	Retained Earnings	Total		
December 31, 2003	59,152	1	-36	102,880	161,997	9,078	171,075
Net Income - 2004				13213	13213	1055	14268
Dividends declared to shareholders of the parent				-4738	-4738		-4738
Dividends declared to minority interests				-1172	-1172	-261	-1433
Gain on sale of subsidiary ČEPS, net of tax				2436	2436		2436
Effect of acquisition of ŠKODA PRAHA on equity				331	331		331
Change in fair value of cash flow hedges recognized in equity				-690	-690		-690
Cash flow hedges removed from equity				621	621		621
Acquisition of treasury shares	-488				-488		-488
Sale of treasury shares	554				332		332
Change in minority due to acquisitions						-3748	-3748
Contribution to equity				82	82	225	307
Other		-3	190	-14	173	1	174
December 31, 2004	59,218	-2	85	112,796	172,097	6,350	178,447
Net Income - 2005				21,452	21,452	846	22,298
Dividends declared to shareholders of the parent				-5,309	-5,309		-5,309
Dividends declared to minority interests				-1,198	-1,198	-536	-1,734
Acquisition of treasury shares	-1,312				-1,312		-1,312
Sale of treasury shares	331				252		252
Change in fair value of cash flow hedges recognized in equity				361	361		361
Cash flow hedges removed from equity				-124	-124		-124
Effect of acquisition of Severočeské doly on equity				-9,068	-9,068		-9,068
Effect of acquisition of ŠKODA PRAHA on equity				111	111		111
Change in minority due to acquisitions						8,435	8,435
Translation differences		-787			-787	-478	-1,265
Other			266	-54	212	1	213
December 31, 2005	58,237	-789	588	118,651	176,687	14,618	191,305

Electricity	1. - 12. / 2005	1. - 12. / 2004
ČEZ Group electricity supplied from power plants (GWh)	55,451	57,459
Electricity sold by ČEZ Group in the Czech Republic (GWh)	57,360	54,719
ČEZ Group electricity exports (GWh)	7,115	10,966
ČEZ Group electricity imports (GWh)	391	152
Trading outside the Czech Republic (GWh)	1,068	1,977
Electricity sold by ČEZ Group in Bulgaria (GWh)	7,937	x
Electricity sold by ČEZ Group in Romania (GWh)	928	x

Consolidated Balance Sheet in accordance with IFRS (CZK m)	December 31, 2005	December 31, 2004
Assets	324,221	299,250
Fixed assets	280,412	271,725
Plant in service	439,417	402,864
Less accumulated provision for depreciation	199,756	182,932
Net plant in service	239,661	219,932
Nuclear fuel, at amortized cost	7,860	7,956
Construction work in progress	11,570	11,308
Investment in associates	929	2,011
Investments and other financial assets, net	13,811	26,426
Intangible assets, net	6,057	3,379
Deferred tax assets	524	713
Current assets	43,809	27,525
Cash and cash equivalents	16,791	8,942
Receivables, net	14,792	9,189
Income tax receivable	1,478	26
Materials and supplies, net	3,671	3,333
Fossil fuel stock	756	724
Emission rights	134	0
Other current assets	6,187	5,311
Equity and liabilities	324,221	299,250
Equity	191,305	178,447
Equity attributable to equity holders of the parent	176,687	172,097
Stated capital	58,237	59,218
Retained earnings and other reserves	118,450	112,879
Minority interests	14,618	6,350
Long-term liabilities	81,424	82,449
Long-term debt, net of current portion	30,586	38,140
Accumulated provision for nuclear decommissioning and fuel storage	35,864	29,441
Other long-term liabilities	14,974	14,868
Deferred taxes liability	18,556	15,603
Current liabilities	32,936	22,751
Short-term loans	265	240
Current portion of long-term debt	7,888	3,439
Trade and other payables	16,243	12,587
Income tax payable	629	1,227
Accrued liabilities	7,911	5,258

Consolidated Cash Flow Statement in accordance with IFRS (CZK m)	1. - 12. / 2005	1. - 12. / 2004
Cash and cash equivalents at beginning of period	8,942	5,023
Operating activities:	43,895	36,641
Income before income taxes	27,323	18,501
Depreciation and amortization and asset write-offs	20,757	13,549
Amortization of nuclear fuel	3,056	2,409
(Gain)/Loss in fixed assets retirements	61	-806
Foreign exchange rate loss (gain)	266	-111
Interest expense, interest income and dividends income, net	1,633	837
Provision for nuclear decommissioning and fuel storage	1,056	500
Provisions for doubtful accounts, environmental claims and other adjustments	-936	-1,179
Income from associates	-102	-932
Changes in assets and liabilities	-2,020	-1,054
Income taxes paid	-5,946	-5,440
Interest paid, net of interest capitalized	-1,927	-1,007
Interest received	444	226
Dividends received	230	1,315
Investing activities	-23,970	-30,500
Financing activities	-11,919	-1,935
Net effect of currency translation on cash	-157	-287
Cash and cash equivalents at end of period	16,791	8,942

Capacity, Employees	December 31, 2005	December 31, 2004
ČEZ Group installed capacity (MW)	12,298	12,297
ČEZ Group number of employees (pers)	29,905	22,768