

CEZ GROUP BRIEF REPORT FOR Q1 – Q3 2008

NON-AUDITED, CONSOLIDATED RESULTS

IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

Highlights

Prague, 13 November 2008

- Net income rose by CZK 11.8 billion to CZK 41.5 billion (+39.7%).
- EBITDA was up CZK 13.7 billion to CZK 68.8 billion (+24.8%).
- CEZ Group to build wind farms in Romania with total installed capacity of 600 MW.
- CEZ Group took over the State's holding in Skawina, increasing CEZ Group's stake to 99.91%.

Key Figures	Units	As of September 30, or 9 months ended September 30, 2008	As of September 30, or 9 months ended September 30, 2007	Index 08/07
Generation of electricity (gross)	GWh	51,181	54,185	94.5%
Installed capacity	MW	14,288	14,392	99.3%
Sales of electricity*	GWh	56,233	59,018	95.3%
Sales of heat	TJ	9,177	9,073	101.1%
Revenues	CZK millions	131,821	123,496	106.7%
Operating expenses (excl. depreciation & amortization)	CZK millions	-63,003	-68,359	92.2%
EBITDA	CZK millions	68,818	55,137	124.8%
- Central Europe segment	CZK millions	66,075	51,937	127.2%
- Southeastern Europe segment	CZK millions	2,744	3,200	85.8%
Depreciation and amortization	CZK millions	-15,618	-16,198	96.4%
Operating income (EBIT)	CZK millions	53,200	38,939	136.6%
Net income	CZK millions	41,467	29,684	139.7%
Return on equity (ROE), net**	%	30.3	19.5	155.3%
Price/earnings ratio (P/E)**	1	10.6	18.5	57.1%
Net debt / EBITDA**	1	1.0	0.7	148.7%
Net debt / equity	%	49.7	27.2	182.4%
Capital expenditure (CAPEX)	CZK millions	-32,940	-18,192	181.1%
Investments	CZK millions	-15,448	-2,429	>200%
Operating cash flows	CZK millions	53,161	43,724	121.6%
Employee head count	persons	27,554	30,287	91.0%

*) sales to end customers + sales to cover grid losses + wholesale surplus/deficit

**) 12 month sliding

Revenues, Expenses, Income

In year-on-year terms, CEZ Group net income increased by CZK 11.8 billion (+39.7%) and EBITDA was up CZK 13.7 billion (+24.8%). The principal driver was gross margin, which advanced by CZK 13.4 billion, mainly on a year-on-year increase in electricity prices, higher trading volumes primarily in electricity derivatives, and an increase in nuclear power plant output at the expense of coal power plants. Other operating expenses were kept under control, rising by CZK 1.1 billion. EBITDA growth is driven by the Power Production & Trading and Distribution & Sale segments in Central Europe, both of which grew by 31%. In distribution and sale, however, some of the growth was attributable to a temporary methodological impact in the valuation of invoiced electricity.

The financing result was down CZK 0.3 billion year-on-year, due primarily to a CZK 0.4 billion increase in interest expense related to higher indebtedness. Interest revenue was up CZK 0.2 billion. Net foreign currency losses, though up CZK 1.3 billion, were partially offset by a CZK 0.9 billion increase in gains on financial derivatives. Income taxes grew CZK 2.2 billion year-on-year.

Cash Flows

Net cash provided by **operating activity** was up CZK 9.4 billion, driven in particular by a CZK 14.0 billion year-on-year increase in income before tax. Some of the income, however, resulted from re-valuation of electricity and FX derivatives, which increased the balance of receivables and liabilities from derivatives transactions and lowered cash-flow (by CZK 3.0 billion), while other miscellaneous impacts taken as a whole increased cash flows by CZK 1.8 billion. Net cash provided by operating activity is reduced (by CZK 3.3 billion) by the higher tax liability.

Cash used in **investing activity** was up CZK 23.6 billion from the previous year, due primarily to a CZK 14.7 billion financial investment in MOL and a CZK 10.8 billion increase in net investments in non-current assets. Decommissioning and other restricted funds related to the operation of nuclear power plants are lower than in the previous year, increasing cash flow by CZK 1.9 billion.

Cash used in **financing activity** is up CZK 34.0 billion year-on-year. Here, the principal factors are a CZK 25.0 billion decrease in share repurchasing expenditures and a CZK 18.2 billion rise in the balance of loan drawdowns and repayments. On the other hand, dividend payouts increased by CZK 9.5 billion in 2008.

Capital Expenditures

During the period Q1 – Q3 2008, CEZ Group capital expenditures totaled CZK 33.7 billion. The total amount invested in **plant renewal** in the first three quarters of 2008 was CZK 7.4 billion. Equipment installation work continued on the Tušimice II Power Station (4 x 200 MW) retrofit project. At the Prunéřov II Power Station (3 x 250 MW), RFP documentation is being approved, site studies are underway, and the EIA is being supplemented to reflect the conclusions of fact-finding proceedings. A contract was signed for engineering and design work on the project. Construction and equipment installation work is underway on a new 660MW plant in Ledvice. At Počerady Power Station (800 MW), RFP documentation is being drafted.

Capital expenditures in **nuclear power plants** totaled CZK 3.0 billion over the first three quarters of 2008. At Dukovany Nuclear Power Station, planned outages for refueling on Units 2 and 3 were completed and an outage on Unit 3 was completed ahead of schedule. At Temelín Nuclear Power Station, an outage of Unit 2 for refueling also took less time than planned. However, in October 2008 an outage on Unit 1 had to be extended due to failure of fittings and the low-pressure turbine rotor component.

CZK 9.8 billion was spent on wind farms in Romania.

Capital expenditures at coal-fired power plants in the Czech Republic reached CZK 0.6 billion and went mainly on maintaining existing plant and equipment. Capital expenditures at Skawina Power Station totaled CZK 0.5 billion, mostly for flue gas desulfurization.

Capital expenditure in the CEZ Group distribution grid totaled CZK 5.8 billion in the Czech Republic, CZK 0.6 billion in Bulgaria, and CZK 0.5 billion in Romania.

Severočeské doly, a. s. invested CZK 2.0 billion from the beginning of the year, mostly to renew mining plant and equipment at Bílina mine.

Trading in Electricity and Emission Allowances

The first three quarters of 2008 saw electricity demand in the Czech Republic grow by 3.6% in absolute terms, or 2.7% after adjustment for weather variations. Growth was most pronounced in the retail commercial segment (+8.1%), followed by the wholesale segment (+3.4%), while households consumed 1.3% more electricity than in the same period of last year.

Q3 brought a fundamental shift in long-term trends in commodity prices – in the form of a dramatic sector-wide slump. As late as July 1st, the price of electricity reached an absolute peak (one-year baseload for 2009 closed at 90.15 EUR/MWh); from that moment on, prices began to drop and the decline lasted substantially through to the end of the period. The most important factor was the situation in the fuels market. Crude oil prices dropped sharply on worries over slow demand as outlooks for the

world's key economies worsened, as well as on strength in the U.S. dollar. As a result, investors began to withdraw from commodity markets, which had previously enjoyed some popularity as alternative investments.

Not even a slight correction that came in the second half of August was enough to influence the remainder of the quarter, and the trend on commodity markets, i.e. including electricity, was largely downward. The principal driver was panic in the financial markets caused by problems encountered by large financial institutions. This was followed by a large-scale migration out of commodity markets into safer assets. The sell-off in the crude oil market, then, continued and prices reached their lowest levels in the past six months. From its peak of 147 USD/bl at the beginning of July, by the end of September crude was trading at a level of 90 USD/bl.

Central Europe (CE)

Central Europe (CE)		Consolidated		Power Production & Trading		Distribution & Sale		Mining		Other	
		Q1 - Q3 2008	Q1 - Q3 2007	Q1 - Q3 2008	Q1 - Q3 2007	Q1 - Q3 2008	Q1 - Q3 2007	Q1 - Q3 2008	Q1 - Q3 2007	Q1 - Q3 2008	Q1 - Q3 2007
Sales other than intersegment sales	CZK millions	111,630	102,285	49,638	50,057	56,053	48,324	2,894	2,481	3,395	1,774
Intersegment sales	CZK millions	350	351	34,870	28,271	2,494	1,948	4,783	5,053	19,551	13,949
Total revenues	CZK millions	111,980	102,636	84,508	78,328	58,547	50,272	7,677	7,534	22,946	15,723
EBITDA	CZK millions	66,075	51,937	50,962	38,768	7,166	5,456	3,775	3,939	4,172	3,773
EBIT	CZK millions	51,967	37,338	41,132	28,689	5,069	3,151	2,871	3,133	2,896	2,365
Employee headcount	persons	20,438	21,901	8,037	7,607	1,393	1,383	3,642	3,526	7,366	9,385

CE: Power Production & Trading

CEZ Group power plants in Central Europe produced 48.5 TWh of electricity, down 3.1 TWh (-6.0%) from the previous comparable period. Coal-fired power plants produced 5.2 TWh less due to optimizing for emission ceilings and prices of CO₂ emission allowances. Plants in the Czech Republic and Poland accounted for 4.2 TWh and 1.0 TWh of the decrease, respectively. Nuclear power plants produced 1.9 TWh more, through increased achievable capacity and availability of both plants. Hydropower production output in the Czech Republic was up 7% year-on-year, reaching a total of CZK 1.2 TWh.

CE: Power Production		Q1 - Q3 2008	Q1 - Q3 2007
Power produced	TWh	48.5	51.6
of which: nuclear plants	TWh	20.6	18.6
coal plants	TWh	26.7	31.9
hydro and other plants	TWh	1.2	1.1

CEZ Group actively trades in electricity and CO₂ allowances both in the Czech Republic and abroad. We are currently expanding our trading activities to include coal, gas, and Certified Emission Reductions (CERs).

CE: Wholesale (trading)		Q1 - Q3 2008	Q1 - Q3 2007
Electricity purchased	TWh	45.3	28.8
of which, outside CEZ Group	TWh	39.1	25.1
Electricity sold	TWh	88.7	75.6
of which, outside CEZ Group	TWh	62.5	52.2
- wholesale	TWh	61.9	51.5
- to end customers	TWh	0.6	0.7
Balance	TWh	43.4	46.8

CE: Distribution & Sale

Distribution & Sale segment EBITDA grew by 31% on a 1.0 TWh (+4.3%) increase in the volume of electricity distributed to end customers and a 0.6 TWh (+3.5%) increase in sales to end customers outside of CEZ Group due to the extremely warm winter in 2007. Other factors include lower electricity purchase prices (compared with 2007, the purchasing diagram exhibits a larger price difference between the cheaper baseload and more expensive supplemental purchasing) and a methodology change in how invoiced electricity is valued in the retail segment. Taken over the entire year, this methodological impact is neutral, but it does cause an increase in Q2 and Q3, and thereby in the cumulative 2008 figures as well. Over the whole year, the volume of electricity distributed to end customers is expected to be up 1.0 TWh (+3.3%), and sales to end customers outside of CEZ Group are also expected to rise, by 0.7 TWh (+2.6%).

CE: Distribution & Retail		Q1 - Q3 2008	Q1 - Q3 2007
Sales to end customers outside CEZ Group	TWh	19.2	18.6
Electricity distribution to end customers	TWh	25.1	24.0

CE: Mining

In Q1 – Q3, Severočeské doly, a.s. supplied 1.0 million tons of coal less than in the comparable period of last year. ČEZ, a. s. purchased 1.2 million tons less due to the year-on-year decline in production in coal-fired power plants. On the other hand, sales of industrial mixtures and sorted coal to outside customers increased (by a total of 0.2 million tons), partially offsetting the decline in consumption within CEZ Group.

CE: Coal sales		Q1 - Q3 2008	Q1 - Q3 2007
Coal sold, total	kt	16,402	17,382
of which: sold to ČEZ, a. s.	kt	12,397	13,607

Southeastern Europe (SEE)

Southeastern Europe (SEE)		Consolidated		Power Production & Trading		Distribution & Sale		Other	
		Q1 - Q3 2008	Q1 - Q3 2007	Q1 - Q3 2008	Q1 - Q3 2007	Q1 - Q3 2008	Q1 - Q3 2007	Q1 - Q3 2008	Q1 - Q3 2007
Sales other than intersegment sales	CZK millions	20,191	21,211	3,205	2,771	17,150	18,452	2	78
Intersegment sales	CZK millions	166	90	152	45	91	53	1,680	771
Total revenues	CZK millions	20,357	21,301	3,357	2,816	17,241	18,505	1,682	849
EBITDA	CZK millions	2,743	3,200	228	335	2,492	2,850	23	16
EBIT	CZK millions	1,232	1,601	-33	200	1,283	1,421	-18	-20
Employee headcount	persons	7,116	8,386	638	813	4,767	5,753	1,711	1,820

SEE: Power Production & Trading

Varna Power Station produced 2.7 TWh (+5.0%) in Q1 – Q3. Growth in the price of coal exerted a negative influence, as it was not adequately reflected in the price of electricity due to the regulatory environment in Bulgaria. Also, the rules for allocation of carbon allowances are unclear (NAP II allocation has yet to be approved) and export restrictions are having a negative impact on performance. An acceleration in depreciation to reflect the current estimate of the remaining duration of plant operation is also having a palpable effect.

SEE: Power Production & Wholesale		Q1 - Q3 2008	Q1 - Q3 2007
Power produced	TWh	2.7	2.5
Electricity purchased	TWh	0.0	0.5
of which, outside CEZ Group	TWh	0.0	0.4
Electricity sold	TWh	2.4	2.8
of which, outside CEZ Group	TWh	2.0	2.6

SEE: Distribution & Sale

Companies in Bulgaria and Romania distributed a total of 12.6 TWh of electricity to end customers, up 1.5% year-on-year. Sales to end customers totaled 8.5 TWh, i.e. 0.2% less than in the same period of last year. Beside increased volumes in Bulgaria, another positive factor was a trend established in the second half of 2007 in Romania: higher distribution tariffs and a lower purchasing price of electricity for sale to end customers. However, the Czech Koruna's strength against the Romanian Leu and the Bulgarian Lev is a major negative factor affecting EBITDA performance compared to the same period of 2007.

SEE: Distribution & Retail		Q1 - Q3 2008	Q1 - Q3 2007
Sales to end customers outside CEZ Group	TWh	8.5	8.6
Electricity distribution to end customers	TWh	12.6	12.4

Other Information

- On 17 September 2008, ČEZ, a. s. placed a JPY 12 billion (approximately CZK 1.9 billion) private placement of 30-year bonds with a 3.005% coupon. The issue was fully subscribed by a long-term investor.
- On 22 September 2008, ČEZ, a. s. placed an issue of 30-year zero-coupon bonds. The issue price reached EUR 1.1 million on a face value of CZK 6 million. The entire issue was subscribed by a single investor.
- On 26 August 2008, CEZ Group acquired a project for two wind farms, Fântânele and Cogeaalac, in Constanța county, Romania. The completion of both farms, with a total installed capacity of 600 MW, is planned in 2009 – 2010.
- On 16 September 2008, an agreement on purchase of the State's equity holding in Elektrownia Skawina S.A. was signed, increasing CEZ Group's stake in the company to 99.91%.
- On 30 September 2008, ČEZ received official notification of its victory in a tender for a strategic partner for S.C. Electrocentrale Galați S.A. to upgrade an existing 535 MW power plant and build a new power plant in Galați, Romania.
- On 7 October 2008, ČEZ, a. s. received official notification from the Albanian Ministry of Energy that its bid to purchase the sole Albanian distribution company, Operatori i Sistemit te Shperndarjes, sh. a., was evaluated as the best. ČEZ, a. s. has not yet received official confirmation of its victory from the Albanian Government.
- On 2 September 2008, ČEZ entered the wholesale market for natural gas by conducting several trades through National Balancing Point, the British virtual trading platform for natural gas.
- On 1 October 2008, two mergers took place within CEZ Group. Energetika Vítkovice merged with ČEZ, a. s., and ČEZData merged with ČEZnet, which was renamed to ČEZ ICT Services, a. s.
- On 17 August 2008, ČEZ, a. s. signed an agreement on purchase of Certified Emission Reductions with China-based Hunan Liang Renewable Energy Power Co., which plans to build a biomass-fired power plant in China's Hunan Province.
- Starting in September 2008, CEZ Group became the first electricity supplier in the Czech Republic to offer its customers an electronic invoicing option.
- In trading on the PSE, the shares of ČEZ, a. s. closed at CZK 794.50 on 11 November 2008.

