

## Internal Information

### CEZ Has Accelerated Sales of Its Products

Following the temporary shutdown of the German nuclear power plants, the prices of commodities (power, gas, coal and CO2 emission permits) have risen significantly. In view of the developments in the power markets, CEZ has accelerated the sales of its power generated for the upcoming years.

“In line with our hedging strategy, we had this year’s production sold out already; nonetheless, we have accelerated the sales for 2012 and 2013. As of April 18, 2011, we sold already 87% of our capacity in 2012 and 32% of the capacity in 2013, compared to late February pre-sales figures at 65% for 2012 and 18% for 2013,” said Alan Svoboda, CEZ Sales Division Director.

The recent price increase (due to the temporary shutdown of nuclear power stations in Germany) has created suitable opportunities to make contracts for longer terms, as is the common practice of the CEZ Group’s European rivals. CEZ has in this manner so far sold 100 MW of its installed output power for 2013 – 2020. The power generated and corresponding to this output represents approximately 1% of the total production capacity of the CEZ Group.

“Our goal is to generate a portion of our power in our upgraded coal power plants, thus freeing our capital for other capital projects. Although this will account for just a small portion of our production, this approach has the advantage that we can lock some of our profits at a level guaranteeing a sound return on our investment in the coal power plants and eliminating market risks,” Alan Svoboda added.

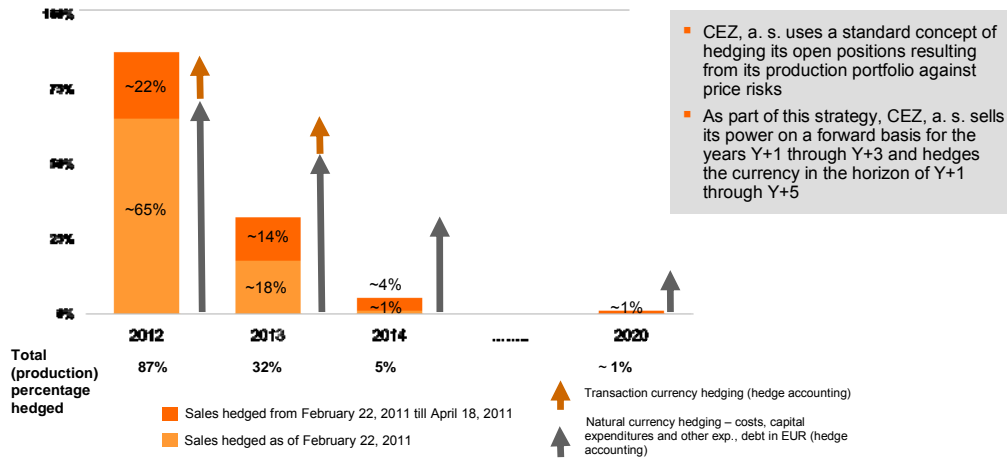
The energy group of CEZ has recently been awarded as the best power trader in Central and Eastern Europe. From the 4th place taken last year, in the 2011 Risk & Energy Risk Commodity rankings, organized annually by the Risk Magazine, the corporation jumped to the very top, thus outperforming all major European energy players as well as global financial institutions trading in power in the region.

The Trading Division of the CEZ Group yearly effects transactions with energy commodities (power, gas and emission permits) worth nearly CZK 700 billion in total; the CEZ Group’s sales have risen seven times over the past 5 years.



## CEZ, A. S. CONTINUES TO HEDGE ITS PRODUCT SALES IN THE MID-TERM HORIZON

Share of hedged sales from the sources of CEZ, a. s.  
(as of April 18, 2011, 100% corresponds to 55 – 60 TWh)



- CEZ, a. s. uses a standard concept of hedging its open positions resulting from its production portfolio against price risks
- As part of this strategy, CEZ, a. s. sells its power on a forward basis for the years Y+1 through Y+3 and hedges the currency in the horizon of Y+1 through Y+5

source: CEZ, a. s.