

## **SUPPLEMENT DATED 16 November 2010**

**ČEZ, a. s.**

*(incorporated with limited liability in the Czech Republic)*

**€6,000,000,000**

### **Euro Medium Term Note Programme**

This Supplement (the **Supplement**) to the Base Prospectus dated 31 March 2010 as supplemented by the supplement to the Base Prospectus dated 16 June 2010 (together the **Base Prospectus**), which comprises a base prospectus, constitutes a prospectus supplement for the purposes of article 13 of Chapter 1 of Part II of the Luxembourg Act dated 10 July 2005 on prospectuses for securities (the **Prospectus Act**) and is prepared in connection with the €6,000,000,000 Euro Medium Term Note Programme established by ČEZ, a. s. (the **Issuer**). Terms defined in the Base Prospectus have the same meaning when used in this Supplement.

This Supplement is supplemental to, and should be read in conjunction with, the Base Prospectus and any other supplements to the Base Prospectus issued by the Issuer.

The Issuer, having made all reasonable enquiries, confirms that the Base Prospectus (as supplemented by this Supplement) contains all information regarding the Issuer, the Issuer and its subsidiaries taken as a whole, the electricity industry in the Czech Republic and the Notes which is (in the context of the issue of the Notes) material; that such information is true and accurate in all material respects and is not misleading in any material respect; that any opinions, estimates, or intentions expressed in the Base Prospectus (as supplemented by this Supplement) on the part of the Issuer are honestly held or made and are not misleading in any material respect; that the Base Prospectus (as supplemented by this Supplement) does not omit to state any material fact necessary to make such information, opinions, estimates or intentions (in such context) not misleading in any material respect; that the Base Prospectus (as supplemented by this Supplement) does not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements in the Base Prospectus (as supplemented by this Supplement), in the light of the circumstances under which they were made, not misleading; and that all proper enquiries have been made to ascertain and to verify the foregoing.

Without prejudice to the foregoing, the Issuer accepts responsibility for the information contained in this Supplement. The information contained in this Supplement is in accordance with the facts and does not omit anything likely to affect the importance of such information.

### **Documents Incorporated by Reference**

On 9 November 2010, the Issuer published (in two separate documents) its consolidated unaudited financial statements and its non-consolidated unaudited financial statements, in each case as at and for the nine month period ended 30 September 2010 (together the **Financial Statements**). The following extracts from the Financial Statements are incorporated by reference each as a separate document.

<u>Consolidated Financial Statements</u>	Page	<u>Non-Consolidated Financial Statements</u>	Page
Balance Sheet	2 - 3	Balance Sheet	1
Statement of Income	4	Statement of Income	2
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A copy of each of the interim financial statements of the Issuer have been filed with the *Commission de Surveillance du Secteur Financier* and, by virtue of this Supplement, those interim financial statements are incorporated in, and form part of, the Base Prospectus. Any other information not listed above but contained in either of such documents is incorporated by reference for information purposes only. Copies of all documents incorporated by reference in the Base Prospectus and this Supplement can be obtained from the registered office of the Issuer and from the specified offices of the Paying Agents for the time being in London and Luxembourg. Copies of this Supplement, the Base Prospectus and all documents incorporated by reference are also available on the website of the Luxembourg Stock Exchange, [www.bourse.lu](http://www.bourse.lu).

The paragraph “*Significant or Material Change*” on page 146 of the Base Prospectus shall be deemed deleted and replaced with the following paragraph:

“There has been no significant change in the financial or trading position of the Issuer or the Issuer and its subsidiaries since 30 September 2010 and there has been no material adverse change in the financial position or prospects of the Issuer and its subsidiaries since 31 December 2009.”

### **International Expansion**

The following wording shall be added after the final sentence of the sixth paragraph under the heading “International Expansion” on page 73 of the Base Prospectus:

“The realisation of the project has been suspended.”

The following wording shall be added after the final sentence of the third paragraph on page 74 of the Base Prospectus:

“On 21 September 2010, ČEZ signed an amendment agreement to the joint venture agreement enabling it to dispose of its entire stake in Energonuclear S.A.. Energonuclear S.A. is developing the *Cernavoda* nuclear power plant in Romania.”

## Recent Developments

The fifth and sixth paragraphs on page 82 of the Base Prospectus (as supplemented by the supplement dated 16 June 2010) under the heading “Temelín Nuclear Power Plant” shall be replaced by the following:

“On 11 March 2010, representatives of ČEZ met with qualified candidates in the public procurement tender, i.e., the Westinghouse Electric Company LLC and Westinghouse Electric Czech Republic s.r.o. consortium, the ŠKODA JS a.s. and JSC Atomstroyexport and JSC OKB Hidropress consortium, and AREVA NP S.A.S., in order to open negotiations with them prior to bid submission with the aim of identifying one or several suitable solutions. After negotiations prior to bid submission, which are expected to be completed by the end of 2011, all qualified candidates will be requested to submit bids. The negotiation of the contract is expected to take place in 2011 following such submissions and the contract with the successful candidate is expected to be signed in the first half of 2012.

On 29 April 2010, ČEZ received initial documentation from all three qualifying bidders for the tender for completion of the *Temelín* nuclear power plant. ČEZ reviewed the bidders’ documentation, negotiated with each individual qualifying bidder in June and July 2010 and intends to further continue such negotiations. The documentation received will be used for the creation of tender documents which are planned to be provided to the bidders in October 2011, inviting them to submit their bids in spring 2012.”

The following shall be added at the end of the final paragraph under the heading “Temelín Nuclear Power Plant” on page 82 of the Base Prospectus:

“On 7 October 2010, ČEZ obtained a license from the NSA to operate the first unit of the Temelín nuclear power plant for a further ten year period. The original ten year license expired on 11 October 2010. In order to obtain the license, regular evaluation of the plant's safety was necessary. These involved checks on whether the power plant was, is and will be safely operated for at least another ten years. The license contains operational conditions stipulated by the NSA. In July 2020, ČEZ will submit a further application to operate this unit.

The first unit's reactor commenced operations on 11 October 2000 and it started supplying electricity to the grid in December 2000. Since that time, the it has generated over 100 billion kWh of electricity.”

The following shall be added at the end of the second paragraph under the section headed “*Promotion of electricity produced from renewables and promotion of co-generation*” on page 105 of the Base Prospectus:

“On 3 November 2010, the Czech Parliament approved an amendment to the Act No. 180/2005 Coll., which will become law pending countersignature by the President of the Czech Republic and pursuant to which:

1. the above-described support of facilities producing electricity from renewable resources will not be applicable to generation facilities which are not connected to the electricity distribution grid by 1 January 2011, with the exception of facilities which are put into operation by 31 December 2010 provided that they become connected to the electricity distribution grid by 31 December 2011; and
2. with effect from 1 March 2011, the above-described support of solar energy will be applicable solely to (i) operators of solar electricity producing facilities connected to the grid before 1 March 2011 and (ii) operators of small solar electricity producing facilities with installed capacity not exceeding 30 kilowatt-peak units and that are placed on the roofs or outer walls of a single building, whenever connected to the grid.”

The following additions to the “Principal Subsidiaries” section commencing on page 110 of the Base Prospectus shall be made to reflect recent developments:

“On 9 July 2010, ČEZ acquired 100% of the shares of FVE Vranovská Ves, a. s., a photovoltaic power plant developer. FVE Vranovská Ves a. s. owns Domica FPI s.r.o., through which it is developing a photovoltaic power plant with total installed capacity of 16 Megawatts-Peak. FVE Vranovská Ves a.s. has obtained all necessary permits for the construction of this photovoltaic power plant and its construction started at the beginning of July 2010.

On 30 August 2010, ČEZ acquired eEnergy Ralsko – Kuřivody, a photovoltaic power plant developer with a project at the former military base in Ralsko in the Czech Republic. This plant will have a total installed capacity of 18.5 Megawatts-Peak, has all necessary permits and should be commissioned by the end of 2010.”

The following shall be added after the final sentence of the paragraph headed “*ČEZ Distribuční zařízení, a.s.*” on page 112 of the Base Prospectus:

“On 7 June 2010, ČEZ (acting through its Board of Directors and as the sole shareholder of ČEZ Distribuce, a. s., and ČEZ Distribuční zařízení, a.s.) resolved, in lieu of a general meeting, to merge these two subsidiaries. A notarial record was made on this decision on 12 July 2010 and their merger became legally effective from 1 October 2010. The accounting record date occurred on 1 January 2010.”

The following shall be added at the end of the section headed “Members of CEZ Group” on page 121 of the Base Prospectus:

“On 26 August 2010, Elektrownia Chorzów S.A agreed to transfer 24.8% of the shares in Elektrociepłownia Chorzów Elcho Sp. z o.o. to CEZ Chorzów B.V. As a result of this agreement, ČEZ, through its affiliate CEZ Chorzów B.V., will become the 100% owner of the power company Elektrociepłownia Chorzów Elcho Sp. z o.o. By this action ČEZ continues to consolidate its Polish subsidiaries in order to improve management efficiency.”

The following shall be added after the sentence which begins with “*ČEZ Servicii S.A.*” on page 122 of the Base Prospectus:

“On 28 July 2010, ČEZ acquired the remaining shares in its subsidiary CEZ Servicii S.A. through a share purchase from minority shareholder Electrica S.A.”

The following shall be added at the end of the paragraph headed “*PPC Galati*” on page 123 of the Base Prospectus:

“The realisation of the project has been suspended.”

The following shall be added at the end of the paragraph headed “*Akenerji Elektrik Üretim A.S.*” on page 124 of the Base Prospectus:

“On 20 July 2010, Akenerji Elektrik Üretim A.S. increased its registered capital by Turkish Lira 310,474,000 to Turkish Lira 375,814,000. ČEZ continues to retain a 37.4% interest in this entity. This share capital increase was approved by a general meeting of shareholders of Akenerji Elektrik Üretim Anonim Şirketi on 18 December 2009 and registered in the Turkish commercial register on 14 July 2010.”

The following shall be added to the end of the subsection titled “*Annual Shareholders Meeting*” in the “Other Recent Developments” section on page 128 of the Base Prospectus:

“On 29 June 2010, a General Meeting of ČEZ approved, amongst other matters, amended Articles of Association of ČEZ. The amended Articles of Association are available at: [http://www.cez.cz/edee/content/file/investors/inside-information/2010-07/cez-049-2010\\_en.pdf](http://www.cez.cz/edee/content/file/investors/inside-information/2010-07/cez-049-2010_en.pdf).

The General Meeting also approved the audited consolidated and non-consolidated financial statements of ČEZ as at and for the year ended 31 December 2009 and the distribution of profit for 2009 as follows:

- (i) a payment of dividends to ČEZ's shareholders – gross CZK 53 per share, CZK 28,513,457,000 in total;
- (ii) a payment of CZK 25,500,000 to the Board of Directors and Supervisory Board members; and
- (iii) a transfer to retained profit from previous years of CZK 16,887,679,000.

#### *Extraordinary General Meeting*

The next scheduled Extraordinary General Meeting will take place on 22 November 2010. The detailed agenda of the Extraordinary General Meeting is available at <http://www.cez.cz/en/investors/inside-information/1355.html>.”

The following shall be added to the “Other Recent Developments” section on page 128 of the Base Prospectus:

#### *Bond Public Placement*

On 24 June 2010, ČEZ successfully issued €500 million of bonds with a maturity of ten years. The bonds were issued under the Programme and were priced at 167 basis points above the reference mid-swap rate with a resulting 4.50% coupon and an issue price of 99.11%. ČEZ received the net proceeds from this issue on 28 June 2010.

#### *Fixing the price of registered bonds (Namensschuldverschreibung)*

ČEZ (A2/A-) successfully fixed the price for a twenty-year €40 million registered bond issue governed by German law (*Namensschuldverschreibung*) (with an option to increase the issue size). The coupon was set at 4.50%. The expected issue date is 29 November 2010.

#### *Standard & Poor's and Moody's Ratings*

On 12 November 2010, Standard & Poor's Ratings Services: (i) revised ČEZ's stand-alone credit profile (SACP) to “bbb+” from “a-” and (ii) reaffirmed ČEZ's long-term corporate credit rating “A-”, outlook stable (Standard & Poor's report is available at [http://www.cez.cz/edee/content/file/investori/obligace/cez\\_research\\_update\\_standard\\_and\\_pools.pdf](http://www.cez.cz/edee/content/file/investori/obligace/cez_research_update_standard_and_pools.pdf)).

On 12 November 2010, Moody's Investors Service reaffirmed the A2 senior unsecured ratings held by both ČEZ and by ČEZ Finance B.V., the fully owned finance subsidiary of ČEZ. The outlook remains stable (Moody's report is available at [http://www.cez.cz/edee/content/file/investori/obligace/cez\\_pr\\_november\\_2010\\_moodys.pdf](http://www.cez.cz/edee/content/file/investori/obligace/cez_pr_november_2010_moodys.pdf)).

### *Elektrárna Chvaletice a.s.*

On 1 September 2010, ČEZ transferred part of its enterprise (Chvaletice coal power plant) to its 100% owned subsidiary Elektrárna Chvaletice a.s. as in kind contribution in its registered capital. As a result, the registered capital of Elektrárna Chvaletice a.s., which prior to the increase amounted to CZK 20,000,000, was increased by CZK 4,386,000,000 to the current amount of CZK 4,406,000,000. This capital increase was recorded in the Companies Register on 20 October 2010.

### *Litigation with MUS*

In October 2010, ČEZ commenced proceedings against Czech Coal. Pursuant to these proceedings, ČEZ is demanding compensation for losses in connection with failed negotiations over a long-term purchase contract for lignite supplies to ČEZ's lignite facilities in Počerady after 2016. In addition, ČEZ requests payment of applicable contractual penalties. The value of the claim exceeds CZK ten billion. Along with the commencement of these proceedings, ČEZ withdrew a former claim lodged in 2007. In the former claim ČEZ demanded the court to order Czech Coal to conclude the long-term purchase contract envisaged in an agreement entered into by ČEZ and Mostecká uhelná společnost, a.s. (a legal predecessor to Czech Coal) in 2005. Under the 2005 agreement, a long term purchase contract for lignite deliveries for planned new lignite-fired facilities in Počerady was to be concluded by mid-2007. The prospective long-term purchase contract should have secured lignite deliveries to ČEZ's new lignite-fired units in Počerady which were to be constructed and commissioned by 2016. Since more than three years had elapsed since ČEZ filed the former claim and the court had still not issued a decision (not even at first instance), and any potential court order would not amend the contract terms (such as the timetable for the construction of the new units), the contemplated project, for which the long-term purchase contract was a necessary condition, could no longer be realistically implemented.

### *New Czech Government and Senate and Municipality Elections*

A new Czech government was formed in July 2010 and approved by the Czech Parliament in August 2010 on the basis of the parliamentary elections which took place in May 2010. Senate and municipality elections took place in the Czech Republic in October 2010.

### *New Legislature Concerning Solar Energy*

Due to the unforeseen recent increase of the number of constructed and developed solar power plants for which the price of electricity would unexpectedly increase, on 9 November 2010 the Chamber of Deputies (*Poslanecká Sněmovna*) of the Czech Parliament approved amendments to the Czech legislature concerning the support of the production of the energy from renewable sources (in particular Act No. 180/2005 Coll., as amended), which will become law pending Senate approval and countersignature by the President of the Czech Republic and pursuant to which:

1. a portion of the costs incurred in connection with supporting the production of energy from renewable sources will be financed by means of state subsidies instead of an increase in the purchase price for electricity;
2. the income of operators of solar electricity producing facilities which were put into operation in the period from 1 January 2009 to 31 December 2010 (unless such facilities were placed on roofs or outer walls of a single building and their respective installed capacities did not exceed 30 kW) corresponding to the amount of the guaranteed minimum electricity purchase price or to the amount of "green bonus" shall, in respect of

the electricity produced from solar energy in the period from 1 January 2011 to 31 December 2013, be subject to a special withholding tax in the amount of (i) 26% of the income corresponding to the relevant guaranteed minimum purchase price or (ii) 28% of the income corresponding to the green bonus. Such tax will be withheld by the distribution or transmission grid operator who is obliged to pay the guaranteed minimum electricity purchase price or green bonus to the producer of the solar energy;

3. the free allocation of CO<sub>2</sub> emission allowances for the years 2011 and 2012 to a CO<sub>2</sub> emission producer selling the electricity to third parties shall be subject to a tax in the amount of 32% of the average market value of all allowances allocated for free to CO<sub>2</sub> emission producers in the given year (where the market value will be determined by the Ministry of Finance of the Czech Republic); the CO<sub>2</sub> emission allowances obtained for the purpose of combined production of heat and electricity shall be exempted from tax; at this moment CEZ estimates that this new tax might impact its profits by approximately CZK four billion per annum; and
4. the use of agricultural land for the construction of new solar electricity producing facilities will be subject to an increased fee.

#### *Board of Directors*

Due to the amendment to the Articles of Association approved by the General Meeting of ČEZ, held on 29 June 2010, Mr. Daniel Beneš became the Vice Chairman of the Board of Directors of ČEZ and Mr. Tomáš Pleskač ceased to be the Second Vice Chairman of the Board of Directors of ČEZ. Pursuant to this amendment to the Articles of Association of ČEZ, the number of members of the Board of Directors of ČEZ increased from 6 to 7.”

The following shall be added to the end of the first paragraph under the “Supervisory Board” section on page 133 of the Base Prospectus:

“On 12 August 2010, further to their appointment as ministers in the Czech government Martin Kocourek and Ivan Fuksa resigned as members of the Supervisory Board of ČEZ.

With effect from 13 August 2010, at its regular meeting, the Supervisory Board of ČEZ co-opted Mr. Martin Říman and Mr. Eduard Janota as members of the Supervisory Board. The General Meeting scheduled for 22 November 2010 was convened to confirm the co-option.

With effect from 16 September 2010, Mr. Martin Říman was elected a Chairman and Mr. Eduard Janota a Vice-Chairman of the Supervisory Board of ČEZ.

On 30 September 2010, Mr. Drahoslav Šimek and Mr. Vladimír Hronek were elected by employees of ČEZ as new members of the ČEZ Supervisory Board.”

References to Ivan Fuksa and Martin Kocourek in the paragraph headed “*Audit Committee*” on page 129 shall be deleted and following shall be added at the end of such paragraph:

“Two new members of the Audit Committee will be appointed.”

Martin Kocourek and Ivan Fuksa shall be deleted from the list of members of the Supervisory Board of ČEZ on page 133 of the Base Prospectus.

The paragraph headed “*Martin Kocourek*” on page 134 of the Base Prospectus shall be deleted.

The paragraph headed “*Ivan Fuksa*” on page 135 of the Base Prospectus shall be deleted.

The following shall be added on page 136 of the Base Prospectus below the paragraph headed “*Miloš Kebrdle*”:

*“Drahořlav řimek*

Graduate of the Secondary Vocational School - electrical engineering and workshop fitting. He has been employed with řEZ since 1974 and since 1986 he has been working at the *Dukovany* nuclear power plant. For fifteen years he has been the Vice-Chairman of Dukovany NPP Trade Unions (ZO řOSE OOSP).

*Vladimír Hronek*

Graduate at the Secondary School of Electrical Engineering. From 1994 he worked as an inspection electrician at the Temelín NPP. Currently he has been released from his function to perform as the Chairman of the Temelín NPP Trade Unions (ZO OS ECHO).

*Martin říman*

Graduate of the Czech Technical University’s Faculty of Electrical Engineering in Brno and Masaryk University Law Faculty in Brno. He worked as a programmer and later as deputy major of Frydek-Mistek. From 1996 to 1998 he was a Minister of Transport of the Czech Republic. He was elected as Member of Parliament in 2002. From 2006 to 2009 he was a Minister of Industry and Trade of the Czech Republic. He is the head of advisers of the Prime Minister of the Government of the Czech Republic.

*Eduard Janota*

Graduate of the University of Economics in Prague and began his career in 1976 in the Czech State Insurance Company. He then moved to the Czech Ministry of Finance, where he worked from 1978. From 2009 to 2010 he was a Minister of Finance of the Czech Republic.”

The following shall be added on page 126 of the Base Prospectus after the final existing entry of the section named “Legal Proceedings”:

*“Squeeze-Out Proceedings*

řEZ is a party in the following pending proceedings in connection with squeeze-outs of minority shareholders in former and current řEZ’s subsidiaries:

	<b>Subsidiary</b>	<b>Amount of Minority Shareholders’ Claim (CZK)</b>	<b>Description of Claim</b>	<b>Stage</b>
1.	Severomoravská energetika, a.s. (former subsidiary which merged into řEZ)	100 million	Review of consideration and stipulation of further consideration to be paid to the minority shareholders in the squeeze-out	Pending before the appellate court



		930 million	Payment of the difference from a takeover offer for shares	Pending before the court of first instance
2.	Západočeská energetika, a.s. (former subsidiary which merged into ČEZ)	720 million	Review of consideration and stipulation of further consideration to be paid to the minority shareholders in the squeeze-out	Pending before the court of first instance
3.	Východočeská energetika, a.s. (former subsidiary which merged into ČEZ)	170 million	Review of consideration and stipulation of further consideration to be paid to the minority shareholders in the squeeze-out	Pending before the court of first instance
4.	Severočeská energetika, a.s. (former subsidiary which merged into ČEZ)	730 million	Review of consideration and stipulation of further consideration to be paid to the minority shareholders in the squeeze-out	Pending before the court of first instance
5.	Středočeská energetická a.s. (former subsidiary which merged into ČEZ)	490 million	Review of consideration and stipulation of further consideration to be paid to the minority shareholders in the squeeze-out	Pending before the court of first instance
6.	Severočeské doly a.s. (current subsidiary)	1,500 million	Review of consideration and stipulation of further consideration to be paid to the minority shareholders in the squeeze	Pending before the court of first instance

As of the date of this Supplement, it not possible to predict the outcome of the above mentioned proceedings concerning the squeeze-outs in ČEZ's subsidiaries.

Proceedings against ČEZ Teplárenská, a.s., ČEZ's current subsidiary, which seek a review of the consideration paid to the minority shareholders in the squeeze-out of minority shareholders from United Energy, a.s. (the legal predecessor of ČEZ Teplárenská, a. s.), are pending before the court of first instance. The possible impact of this suit on ČEZ Teplárenská, a.s. is not possible to determine at this stage of the proceedings.”

The following subsidiaries which have been acquired by ČEZ as at the date of this Supplement shall be included at the end of the list of ČEZ's subsidiaries on pages 107 and 108 of the Base Prospectus:

<b>Subsidiaries</b>	<b>Country of incorporation</b>	<b>% equity interest 2010</b>	<b>% equity interest 2009</b>	<b>% equity interest 2008</b>	<b>% equity interest 2007</b>
Domica FPI s.r.o.	Czech Republic	100.00%	-	-	-
eEnergy Ralsko - Kuřivody a. s.	Czech Republic	100.00%	-	-	-
FVE Vranovská Ves a. s.	Czech Republic	100.00%	-	-	-

### **General**

To the extent that there is any inconsistency between (a) any statement in this Supplement or any statement incorporated by reference into the Base Prospectus by this Supplement and (b) any other statement in or incorporated by reference in the Base Prospectus, the statements in (a) above will prevail.

Save as disclosed in this Supplement, there has been no other significant new factor, material mistake or inaccuracy relating to information included in the Base Prospectus since the publication of the Base Prospectus.

In accordance with Article 13 paragraph 2 of the Prospectus Act, investors who have agreed to purchase or subscribe for any Notes before the Supplement is published have the right, exercisable before the end of the period of two working days, beginning with the working day after the date on which this Supplement was published, to withdraw their acceptances.