



SUMMARY REPORT PURSUANT TO SECTION 118(9) OF THE CAPITAL MARKET UNDERTAKINGS ACT

This summary explanatory report pursuant to Section 118(9) of the Capital Market Undertakings Act is based on the requirements laid down in Sections 118(5)(a) through (k) of said Act.

a) Information on the Structure of the Company's Equity

Equity Structure as at December 31, 2019

Equity	CZK
Stated capital	53,798,975,900
Treasury stock and treasury interests	(2,884,937,452)
Retained earnings and additional paid-in capital	152,564,969,793
Total equity	203,479,008,241

As at December 31, 2019, the stated capital of ČEZ, a. s., recorded in the Commercial Register totaled CZK 53,798,975,900. It consisted of 537,989,759 shares with a nominal value of CZK 100 each. The issue price of all shares had been paid up in full. All the shares had been issued as dematerialized bearer securities and had been admitted to trading on a European regulated market. The Company's stated capital is divided exclusively into common shares, with no special rights attached. All of the Company's shares have been admitted to trading on the Prague Stock Exchange in Czechia and the Warsaw Stock Exchange in Poland.

b) Information on Restrictions on the Transferability of Securities

The transferability of the Company's securities is not restricted.

c) Information on Significant Direct and Indirect Shares in the Company's Voting Rights

As at December 31, 2019, the following entities were registered by the Central Securities Depository as having a share of at least 1% in the stated capital of ČEZ, a. s.:

- The Czech Republic, represented by the Ministry of Finance of the Czech Republic, holding a share amounting in total to 69.78% of the stated capital, that is, 70.11% of voting rights
- Clearstream Banking S.A., holding a share amounting to 2.19% of the stated capital, that is, 2.20% of voting rights
- Chase Nominees Limited, holding a share amounting to 2.00% of the stated capital, that is, 2.01% of voting rights
- A group of shareholders consisting of corporations HAMAFIN RESOURCES LIMITED, J&T SECURITIES MANAGEMENT PLC, and Tinsel Enterprises Limited and Ing. Michal Šnobl, a natural person; at the above date, this group of shareholders acting in concert held a share amounting to 1.11% of the stated capital and of voting rights

The aforementioned entities had rights pursuant to the provisions of Section 365 et seq. of the Business Corporations Act as at December 31, 2019. The possibility that some of the aforementioned entities manage shares owned by third parties cannot be excluded.

d) Information on Owners of Securities with Special Rights, including Description of Such Rights

No special rights are attached to any of the Company's securities.

e) Information on Restrictions on Voting Rights

The voting right attached to the Company's shares is not restricted. Pursuant to Section 309(1) of the Business Corporations Act, the Company does not exercise voting rights attached to treasury shares. As at December 31, 2019, ČEZ held 2,551,240 treasury shares corresponding to 0.47% of its stated capital.

f) Information on Agreements between Shareholders That May Impede the Transferability of Shares or Voting Rights

ČEZ is not aware of any agreements between its shareholders that might result in impeded transferability of its shares or voting rights.

g) Information on Special Rules Specifying the Election and Removal of Members of the Statutory Governing Body and Amendment to the Company's Bylaws

Pursuant to the Company's bylaws, members of the Board of Directors are elected and removed by the Supervisory Board by a majority of the votes of all its members. Bylaws may be amended by a shareholders' meeting by a qualified, two-thirds majority of the votes of the shareholders present at the shareholders' meeting. No special rules specifying the election and removal of members of the statutory governing body and amendment to the Company's bylaws are applied.

h) Information on Special Authority of the Company's Statutory Governing Body

The Company's Board of Directors has no special powers.

i) Information on Significant Contracts Relating to Change in Control over the Company as a Result of a Takeover Bid

ČEZ, a. s., has entered into significant contracts that will become effective, change, or expire if control over ČEZ changes as a result of a takeover bid. These are the 7th, 12th, 13th, 19th, 20th, 21st, 24th, 30th, 33rd, and 34th Eurobond issues; the 1st, 2nd, and 4th Namensschuldverschreibung issues; the 1st and 2nd US bond issues; the ČEZ, a. s., Promissory Note Issue Program and bilateral committed credit lines; loan agreements with the European Investment Bank for EUR 100 million made in 2010, EUR 180 million made in 2011, EUR 100 million made in 2012, EUR 200 million made in 2014, EUR 200 million made in 2010 (originally between the European Investment Bank and a Romanian subsidiary) and assumed by ČEZ, a. s., in 2016; and EUR 330 million made in 2019. In these contracts, the counterparty would be entitled, but not required, to demand early repayment should there be a change in the controlling entity of ČEZ. However, the right to early repayment may be exercised only if either Standard & Poor's or Moody's publicly declares or notifies ČEZ in writing that it has downgraded ČEZ's existing credit rating due to, in full or in part, the change in controlling entity. Downgrading an existing credit rating is defined as any change from investment grade to noninvestment grade, any downgrade of original noninvestment grade, or nondetermination of investment grade if no rating is given at all. The above downgrading would have to take place in the period from the public disclosure of the step that could result in the change in controlling entity to 180 days after the announcement of the change in controlling entity. The counterparty would not be allowed to exercise its right to early repayment if, following the actual change in the controlling entity, the credit rating agency reevaluated its position and restored ČEZ's investment grade or original noninvestment grade rating within the period defined above. The contractual provisions concerning a change in control over ČEZ should be seen in the context of ČEZ, a. s., credit ratings, which in 2019 were A- (with a stable outlook) by Standard & Poor's and Baa1 (with a stable outlook) by Moody's, that is, 4 and 3 grades, respectively, above the credit rating agencies' noninvestment-grade ratings. Said change-of-rating condition does not apply to the loan agreements with the European Investment Bank, worth EUR 1,110 million in total, under which the counterparty's right becomes effective as soon as control over ČEZ, a. s., changes.

j) Information on Contracts Binding the Company in Relation to a Takeover Bid

ČEZ has not entered into any contracts with members of its Board of Directors or its employees in which the Company would undertake to provide performance in case their service or employment is terminated in relation to a takeover bid.

k) Information on Programs That Allow Acquiring the Company's Corporate Securities

ČEZ top managers' compensation included an incentive program that allowed them to acquire Company shares (a "stock option plan") until the end of 2019.

Under the stock option plan applicable until December 31, 2019, members of the Board of Directors and selected managers were entitled to options on the Company's common stock under the terms and conditions set forth in their service contracts (for Board of Directors members) and stock option agreements (for selected managers). Under the stock option rules, members of the Board of Directors and selected managers received options on a certain number of Company shares every year as long as they remained in office. According to the rules of the stock option plan, the exercise price per share was determined as the weighted average of prices at which Company shares were traded on the regulated market in Czechia during one month before the annual grant date, and stock option beneficiaries may call on the Company to transfer shares up to the number corresponding to a given option grant, no earlier than two years and no later than by the middle of the fourth year after every option grant. The exercise of options is restricted by the rules of the stock option plan in that the appreciation of the Company's shares may be no more than 100% over the exercise price and the option beneficiary had to keep in their asset account as many shares of Company stock obtained under the call as corresponded to 20% of the profit realized on the call date until the termination of the stock option plan. In 2019, there were 17 individuals among employees and members of the Board of Directors who owned shares of stock obtained through the stock option plan. None of the individuals exercised their right to attend the shareholders' meeting of ČEZ as a Company shareholder. All of the individuals exercised their right to dividend. None of the above-mentioned individuals exercised any other rights associated with their ownership of Company shares. According to information submitted to the Company for the purposes of preparing this report, no beneficiary of the stock option plan transferred any separately transferable right attached to their shares to any third party.

The stock option plan was terminated on December 31, 2019, based on the Supervisory Board's decision approving amendments to service contracts (in relation to members of the Board of Directors) and the Board of Directors' and Supervisory Board's decision to terminate the stock option plan in relation to the selected managers. The right to call the options granted by the end of 2019 remained unchanged, with the following exception: All option grants provided to members of the Board of Directors and/or selected managers in 2019 were reduced proportionately so as to correspond to the number of shares determined according to the number of days remaining between the grant date and the end date of the stock option plan (that is, December 31, 2019).

Starting from January 1, 2020, the stock option plan was replaced with a new long-term performance-based bonus system for members of the Board of Directors and a new system of long-term performance-based bonus agreements/multiannual bonus agreements for selected managers. The new long-term performance-based bonus system does not involve any right to acquire the Company's shares (see the section on ČEZ, a. s., governance bodies for more detailed information).