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ČEZ announces an offering of approximately €450 million Guaranteed Exchangeable Bonds due 2017 exchangeable for ordinary shares of MOL

28 January 2014

ČEZ, a. s. ("ČEZ" or the "Guarantor") today announces an offering (the "Offering") of approximately €450 million guaranteed exchangeable bonds due 2017 (the "Bonds") exchangeable for existing ordinary shares (the "Shares") of MOL Hungarian Oil and Gas Plc ("MOL").

The Bonds will be issued by CEZ MH B.V. (the "Issuer"), a 100% subsidiary of ČEZ incorporated under the laws of the Netherlands. The Issuer's obligations under the Bonds will be guaranteed by ČEZ, which is rated A2 by Moody's and A- by Standard & Poor's. The Bonds have received a preliminary rating of A2 by Moody's and are expected to be rated A- by Standard & Poor's.

The Bonds will be issued in denominations of €100,000 and have a maturity of 3 years and 6 months and are expected to carry a coupon in the range of 0.00% to 0.50% per annum payable annually in arrear, subject to a short first coupon, commencing on 4 August 2014. The initial exchange price will be set at a premium of between 30% to 35% over the volume weighted average price of the Shares on the Budapest Stock Exchange between launch and pricing of the Bonds (converted into EUR at the prevailing EUR-HUF exchange rate at the time of pricing).

Bondholders will have the right to exchange the Bonds for the Shares from 25 January 2017 to 21 July 2017, subject to the Issuer's right to elect to deliver an equivalent amount in cash for all or part of the Shares.

The Bonds will be issued at 100% of their principal amount and, unless previously exchanged, redeemed or purchased and cancelled, will be redeemed on 4 August 2017 in cash or at the Issuer's option through the delivery of Shares or a combination of Shares and cash.

The Issuer will have the option to redeem the Bonds on or after 24 February 2017 at their principal amount together with accrued but unpaid interest, if the value of the Shares deliverable upon exchange of the Bonds exceeds 130% of the principal amount of the Bonds for a specified period (in accordance with the terms and conditions). The Issuer will also have the right to redeem the Bonds before 24 February 2017 at the greater of (i) the principal amount of the Bonds, (ii) the Fair Bond Value or (iii) the Parity Value (each in accordance with and as defined in the terms and conditions), together with accrued interest or on or after 24 February 2017 at the principal amount of the Bonds together with accrued interest, if the Issuer is required to gross up on account of taxes or if 85% or more in principal amount of the Bonds have been redeemed, exchanged or purchased and cancelled. The Issuer will also have the right to redeem the Bonds at any time, at the greater of (i) the principal amount of the Bonds, (ii) the Fair Bond Value or (iii) the Parity Value (each in accordance with and as defined in the terms and conditions) if a tender offer is made in respect of the Shares.

The Bonds will be offered in an institutional private placement outside the United States in compliance with Regulation S (Category 1) under the United States Securities Act of 1933 (as amended).

Pricing of the Bonds is expected to be announced today and the Bonds are expected to settle on or around 4 February 2014 (the "Settlement Date").

ČEZ will use the proceeds from the Offering for general corporate purposes.

Application will be made to have the Bonds admitted to trading on the Open Market (*Freiverkehr*) of the Frankfurt Stock Exchange, a multilateral trading facility within the meaning of MiFID (2004/39/EC), no later than 90 days following the Settlement Date.

The Offering is being managed by Barclays Bank PLC and Deutsche Bank AG, London Branch acting as Joint Global Coordinators and Joint Bookrunners, and HSBC Bank plc and Société Générale Corporate & Investment Banking acting as Joint Bookrunners.

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The securities referred to herein have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "Securities Act") or under the applicable securities laws of Australia, Canada, Japan or South Africa, and may not be offered or sold in the United States without registration thereunder or pursuant to an available exemption therefrom. Subject to certain exceptions, the Bonds referred to herein may not be offered or sold in Australia, Canada, Japan or South Africa or to, or for the account or benefit of, any national, resident or citizen of Australia, Canada, Japan or South Africa. Neither this announcement nor the information contained herein constitutes or forms part of an offer to sell or the solicitation of an offer to buy securities in the United States, Australia, Canada, Japan or South Africa or in any jurisdiction to whom or in which such offer or solicitation is unlawful. There will be no public offer of the Bonds in the United States, Australia, Canada, Japan or South Africa.

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Each of Barclays Bank PLC, Deutsche Bank AG, London Branch and HSBC Bank plc are authorised and supervised by the UK Prudential Regulation Authority (the "PRA") and are subject to regulation by the UK Financial Conduct Authority (the "FCA") and the PRA. Société Générale is a French Credit Institution (Bank) authorised and supervised by the Autorité de contrôle prudentiel et de résolution (the French Prudential Control and Resolution Authority) and the PRA and is subject to limited regulation by the FCA and the PRA. Details about the extent of each Joint Bookrunner's authorisation, supervision and regulation by the relevant supervisory body are available on request to the relevant Joint Bookrunner. Products and services that may be referenced in this press release may be provided through one or more affiliates of the Joint Bookrunners and may not be available in all jurisdictions.

In member states of the European Economic Area ("EEA") which have implemented the Prospectus Directive (each, a "Relevant Member State"), this announcement and any offer if made subsequently is directed exclusively at persons who are "qualified investors" within the meaning of the Prospectus Directive ("Qualified Investors"). For these purposes, the expression "Prospectus Directive" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in a Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression "2010 PD Amending Directive" means Directive 2010/73/EU. Each person who initially acquires any Bonds or to whom any offer of the Bonds may be made will be deemed to have represented, acknowledged and agreed that it is a Qualified Investor as defined above.

In the United Kingdom this announcement is directed exclusively at Qualified Investors (i) who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the “Order”) or (ii) who fall within Article 49(2)(A) to (D) of the Order, and (iii) to whom it may otherwise lawfully be communicated (all such persons together being referred to as “relevant persons”). This announcement must not be acted on or relied on (i) in the United Kingdom, by persons who are not relevant persons, and (ii) in any member state of the European Economic Area other than the United Kingdom, by persons who are not Qualified Investors.

In the Czech Republic, this announcement and any offer if made subsequently is directed exclusively at persons who are “qualified investors” within the meaning of Section 34(3) of the Czech Act No. 256/2004 Coll., on Conducting Business in Capital Market, as amended.

In the Netherlands, this announcement and any offer if made subsequently is directed exclusively at persons who are “qualified investors” within the meaning of section 1:1 of the Act on Financial Supervision (*Wet op het financieel toezicht*).

No assurance is given that any transaction on the terms indicated in this announcement can or will be arranged or agreed. The Bonds will be subject to the detailed provisions set forth in the Terms and Conditions of the Bonds. The information contained in this announcement is for background purposes only and does not purport to be full or complete. No reliance may be placed for any purpose on the information contained in this announcement or its accuracy or completeness.

In the case of any securities being offered to any investor as a financial intermediary as that term is used in Article 3(2) of the Prospectus Directive, such investor will also be deemed to have represented and agreed that the securities acquired by it in the Offering have not been acquired on behalf of persons in the EEA other than Qualified Investors or persons in the United Kingdom and other member states (where equivalent legislation exists) for whom the investor has authority to make decisions on a wholly discretionary basis, nor have the securities been acquired with a view to their offer or resale in the EEA where this would result in a requirement for publication by the Issuer, the Guarantor, the Joint Bookrunners or any other manager of a prospectus pursuant to Article 3 of the Prospectus Directive.

No representation or warranty, express or implied, is or will be made as to, or in relation to, and no responsibility or liability is or will be accepted by any of the Joint Bookrunners or by any of their respective affiliates, officers, employees or agents as to or in relation to the accuracy or completeness of this announcement, publicly available information on the Issuer or the Guarantor or any other written or oral information made available to any interested party or its advisers and any liability therefore is hereby expressly disclaimed.

Any purchase of Bonds in the proposed Offering should be made solely on the basis of the publicly available information relating to the Issuer or the Guarantor and the information contained in the term sheet to be issued by the Issuer in connection with the Offering. No reliance may or should be placed by any person for any purposes whatsoever on the information contained in this announcement or on its completeness, accuracy or fairness. The information in this announcement is subject to change.

In connection with the Offering, each of the Joint Bookrunners and any of their respective affiliates acting as an investor for their own account may take up Bonds or the underlying shares and in that capacity may retain, purchase or sell for their own account such securities and any securities of the Issuer or the Guarantor or any related investments and may offer or sell such securities or other investments otherwise than in connection with the Offering. Each of the Joint Bookrunners does not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

Acquiring investments to which this announcement relates may expose an investor to a significant risk of losing all of the amount invested. Persons considering making such investments should consult an authorised person specialising in advising on such investments. This announcement does not constitute a recommendation concerning the Offering. The value of securities can decrease as well as increase. Potential investors should consult a professional advisor as to the suitability of the Offering for the person concerned.

Each of the Joint Bookrunners are acting on behalf of the Issuer and the Guarantor and no one else in connection with the securities and will not be responsible to any other person for providing the protections afforded to clients of the respective Joint Bookrunners or for providing advice in relation to any offering of the Bonds.