



**General Sales Terms and Conditions of
ČEZ Logistika, s.r.o.**

pursuant to Section 273 of the Commercial Code

ARTICLE 1 – PURPOSE

1.1. The purpose of these the General Sales Terms and Conditions (hereinafter only “the Conditions”) is to specify the rights and obligations arising from a Purchase Contract (or, where appropriate, the General Agreement on Deliveries of Goods) entered into by ČEZ Logistika, s.r.o., residing at Ostrava, 28.října 568/147, Post Code 709 02 Ostrava - Moravská Ostrava, entered into the Commercial Register held with the Regional Court in Ostrava, Section C, File No. 28100, being the Seller (hereinafter only “CL” or “the Seller”), and the customer of this company, being the buyer (hereinafter only “the Buyer”), where the subject matter is a stipulation of the rights and obligations related to deliveries of Goods by the Seller to the Buyer.

1.2. Entering into the Purchase Contract, or, where appropriate, the General Agreement on Deliveries of Goods, the Buyer acknowledges and expresses his consent to these Conditions. Any deviations from these Conditions, their supplementation or amendments shall be allowed, provided that the Contracting Parties have agreed upon them in writing. In the event of any conflict between the wording of the Purchase Contract and these Conditions, the provisions of the Purchase Contract shall take priority.

1.3. These Conditions shall apply only to the Buyers who: (a) have their permanent residence, registered office or place of business in the Czech Republic or Slovak Republic; (b) are natural persons with the permanent residence in the Czech Republic or are businessmen with a due authorisation to carry on business activity pursuant to the relevant statutory provisions applicable in the Czech Republic, or, where appropriate, the Slovak Republic. With his consent to these Conditions, the Buyer acknowledges that he complies with both the conditions specified under letters (a) and (b).

In these Conditions, the following terms shall bear the meanings specified below:

“The Seller”: ČEZ Logistika, s.r.o., residing at 28.října 568/147, Post Code 709 02 Ostrava - Moravská Ostrava, entered into the Commercial Register held with the Regional Court in Ostrava, Section C, File No. 28100.

“The Buyer”: a natural person, firm, company or any other legal entity placing Purchase orders for Goods with the Seller, or a person who has entered into a Purchase Contract, or, where appropriate, the General Agreement on Deliveries of Goods, with the Seller.

“Goods”: any movable item, including the relevant documents, or, where appropriate, services related to the delivery of Goods under a Purchase Contract.

“The Purchase Contract”: a written purchase contract between the Seller and Buyer or a Purchase Order undersigned by the Buyer and subsequently acknowledged by the Seller, relating to a delivery of Goods.

“Intellectual property rights”: all and any rights of immaterial nature, such as copyrights and rights of a similar nature, rights with respect to databases, rights with respect to designs, rights with respect to patterns, trademarks and domain registrations and applications with respect to any of the rights above, rights to protect secrets, know-how, business secret.

“The Purchase Order”: any written or electronic Purchase Order submitted by the Buyer to the Seller with respect to Goods.

“The Specifications”: all and any specification and/or descriptions of any Goods which is to be delivered and which are included in the Purchase Order.

ARTICLE 2 – SCOPE OF PERFORMANCE

The Seller undertakes to deliver to the Buyer the required scope (items) of performance (Goods) specified in the Purchase Contract and pass to the Buyer the ownership title to such items of performance (Goods). The Buyer undertakes to receive the Goods which are the subject matter of the performance under the Purchase Contract, at the agreed date and at the



agreed place of delivery and pay the mutually agreed purchase price.

ARTICLE 3 – CONTRACTUAL DOCUMENTS

3.1. The Purchase Contract consists, as appropriate, of the following documents, in the order of relevance:

- a) the Purchase Order and their specific terms and conditions defined in a written agreement, that is, the Purchase Contract, undersigned by the Seller and Buyer, the Specifications, and the documents related to the Purchase Order,
- b) these Conditions,
- c) a quotation request,
- d) the Seller's quotation and its written acceptance by the Buyer.

3.2. Placing the Purchase Order and entering into the Purchase Contract includes the Buyer's consent that the Purchase Contract shall not be governed by the Buyer's general sales terms and conditions (if any) and acceptance of these Conditions of the Seller. Should any other conditions and provisions or references to other documents delivered by the Buyer be included in the Purchase Order, such different terms and conditions and provisions shall not be applied and shall be fully replaced by these Conditions and/or the provisions of the Purchase Contract, unless the Contracting Parties agree otherwise.

3.3. Any amendment of the Purchase Contract may be agreed upon by a written amendment to the Purchase Contract or the General Agreement on Deliveries of Goods.

ARTICLE 4 – PRICE – BILLING AND PAYMENT TERMS

4.1. – Price

(a) The prices specified in the Seller's pricelist or in any other documents of the Seller are the basic prices and may be, under agreement, adjusted by relevant rebates. The Seller reserves the right to update these prices, if needed. For the purposes of the Purchase Contract, those prices are only relevant which are specified in the written Purchase Contract (in the acknowledged Purchase Order, in particular). As a rule, the Purchase order contains specific details of the partial

transaction, the price, details of the packaging, identification of goods, quantity and the delivery period.

(b) The Contracting Parties agree that upon the acknowledgement of the Purchase Order, the Purchase Contract with respect to specific Goods has been concluded.

(c) The price specified in the Purchase Contract is agreed upon as the purchase price. The prices of goods are listed by the Seller in his own pricelist. The Buyer has been acquainted with the pricelist prices. The Seller may grant rebates and discounts to the Buyer.

(d) A special method of fixing a price is set for cables and conductor wires. So-called base prices and copper prices, and/or aluminium prices are applied on the basis of which the total price is calculated. At the date of the taxable supply, the price of copper, or, where appropriate, aluminium, according to the metal notation of the cable-making industry resulting from the LME (the London Metal Exchange) prices and other related costs shall be additionally charged for products with a special method of price calculation. The metal notation and its validity are published in the specialist press (*Hospodářské noviny*) and on internet sites on a regular basis. The Seller shall not be liable to separately notify the Buyer of these prices. The prices of other products are contract-based. All the prices are shown excluding VAT.

(e) Unless the Purchase Contract provides for otherwise, the purchase price includes the costs and transport of Goods to the Buyer.

(f) The purchase price, including packages, is fixed subject to the up-to-date pricelists. Unless the Purchase Contract provides for otherwise, the prices fixed so are fixed and final. The purchase prices are exclusive of VAT.

4.2 – Billing and payment terms

The Buyer undertakes that he shall make payments of the Goods in cash in the Seller's storehouse or by wire transfer from his account to the Seller's account. The payments may be made in Czech crowns subject to the Invoice – a tax document, with the maturity of 10 days after the Seller's issue of the invoice, unless the Purchase Contract or the General



Agreement on Deliveries of Goods provide for otherwise.

The invoice shall be sent by post or handed over in person, against the signature of the Buyer's authorised person. In case of doubts, it shall be deemed that the invoice has been delivered on the third business day after sending. The Buyer's obligation to make a payment shall be discharged by crediting the respective financial amount to the Seller's account.

The invoice shall include the particulars specified in Section 26 *et seq* of Act on Value Added Tax, No. 235/2004 Coll., as amended. Should the invoice include incorrect or incomplete particulars, the Buyer shall be entitled to return it within 5 days after the receipt by the Seller; if the Buyer fails to do so, the Seller shall consider the invoice to have been acknowledged and account shall not be taken of any later complaints. Considering the defects, the Seller shall either correct the invoice or he shall issue a new one with a new maturity. All the deliveries shall remain in the Seller's possession and the Buyer shall not acquire the ownership until the full payment of the purchase price to the Seller in the legitimately invoiced amount.

The Seller and Buyer may agree upon a provision of reasonable advance payment with respect to the purchase price under the Purchase Contract, in particular, in the case of the first transaction with the specific Buyer, or if the volume of the transaction in question substantially exceeds a customary value of the hitherto transactions with the Buyer.

ARTICLE 5 – DELIVERY, RECEIPT AND COMPLAINT

5.1. The Seller declares and guarantees that all the delivered Goods are in a due and merchantable quality and fit for the purpose for which they are to be used, should such a purpose be specified in the Purchase Contract, otherwise a customary purpose.

5.2. The Goods shall be received by the Buyer subject to the compliance with the Specifications of the Goods in the acknowledged Purchase Order or in the Purchase Contract. The process of

delivery/receipt shall be acknowledged by a written confirmation of the Delivery note by the Buyer.

5.3. The deliveries shall be performed with the CIP,EXW or FCA delivery term, under the INCOTERMS 2000, unless the Contracting Parties agree in writing otherwise. Alternatively, in negotiating the specific business transaction, the Contracting Parties may agree upon so-called "Direct delivery", i.e. a delivery to the Buyer from the Seller's contractor. Such deliveries shall be arranged with the CIP delivery term, i.e. to the place of destination specified by the Buyer. In the specific "Direct delivery" transaction, the Seller authorises the Buyer and a person authorised by the Buyer to receive goods and acknowledge the delivery note in the name of the Seller.

5.4. The risk of damage with respect to the Goods shall pass to the Buyer upon the receipt of the Goods by the Buyer and acknowledgement of the Delivery note by the Buyer. Damage with respect to the item of performance (Goods) which arose after the passage of the risk of damage to the Buyer shall not affect his obligation to make payment of the purchase price, unless the damage was caused due to a violation of the Seller's obligations.

5.5. In the event that upon conclusion of the business transaction it has not been agreed otherwise and the Buyer shall be delivered the goods by the Seller, or, where appropriate, by the Seller's contractor, free of charge, the Buyer agrees with the following conditions:

- In order to optimise the shipping costs, ČEZ Logistika, s.r.o. shall be entitled to modify the delivery date of Goods by no more than 5 business days without considering this change to be a failure to meet the agreed date of delivery, so that the Goods could be delivered in time with effective utilisation of the distribution tracks and the shipping capacity. ČEZ Logistika, s.r.o. reserves the right not to provide transport free of charge in case of a request for a time unilaterally determined by the customer; in such a case, transport shall be provided free of charge if the Purchase Orders exceed CZK 100 thousand exclusive of VAT and within the distance of no more than 100 km. ČEZ Logistika, s.r.o. reserves the right not



to provide transport free of charge in case of high-volume deliveries, for instance, poles, masts, concrete chutes; in a such case, the transport shall be provided free of charge if the Purchase Orders exceed CZK 200 thousand exclusive of VAT and within the distance of no more than 100 km.

5.6. The Buyer's obligations, if he arranges the transport on his own, are:

- a) to be duly equipped with the prescribed personal protection devices
- b) execute the transport by transportation technology corresponding to the character of the Goods
- c) be duly equipped with the prescribed binding instruments and means to secure the Goods (crossers, wedges,...)
- d) safely secure the Goods against uncontrollable move

In the event of violation of the obligations above, the authorised person of the storehouse of ČEZ Logistika, s.r.o. shall be entitled to reject the loading.

5.7. The Buyer shall be obliged to inspect the Goods as soon as it has been received.

5.8. The Seller shall be bound to deliver Goods in the quantity, quality and workmanship which is laid down in the Purchase Contract and he shall be liable for the fact that the Goods shall have, during the warranty period, the characteristics agreed upon in the Purchase Contract. The Seller shall be liable for defects (i.e. the Goods are not in compliance with the Purchase Contract, they do not meet the Specifications, they do not demonstrate the required degree of performance, they are not in the agreed quality or fit for the purpose for which they are supposed to be used, or, in other cases, a customary purpose) which the Goods demonstrate at the time of delivery to the Buyer or within the warranty period, provided that the Buyer shall be entitled to lodge a complaint with respect thereto pursuant to the Seller's Complaint Rules, which are an integral part of the Purchase Contract.

5.9. The Buyer declares that he has got acquainted with the Seller's Complaint Rules of ČEZ Logistika, s.r.o. (hereinafter only "the Complaint Rules"), which are an integral part hereof, see Annex No. 1/2, and he shall lodge

complaints (if any) pursuant to such Complaint Rules, unless the Purchase Contract provides for otherwise.

ARTICLE 6 – CONTRACTUAL FINES AND DEFAULT INTEREST

6.1. In the event of the Buyer's default with payment of an invoice, the Seller shall be entitled to demand a payment of default interest in the amount of 0.05 % of the outstanding amount for each day of default.

6.2. In the event of the Seller's default with the agreed dates of delivery of Goods, the Buyer shall be entitled to require from the Seller payment of a contractual fine in the amount of 0.05 % of the price of the undelivered subject of performance for each day of default; however, no more than 5% of the price of the undelivered subject of performance.

6.3. In the cases specified in the Purchase Contract, the Buyer shall be entitled to cancel in writing the Purchase Order for Goods acknowledged by the Seller. In such a case, the Seller shall be bound to pay to the Seller compensation (a cancellation fee) in the amount of 30 % of the purchase price of the cancelled Goods.

6.4. In the event of the Buyer's default with the receipt of the subject of performance (Goods) at the agreed date and place of delivery, the Seller shall be entitled to require, for a default exceeding 15 days, a contractual fine of 0.05 % for each day of default of the value of the subject of performance (Goods) not received, while the right for compensation for damage shall not be affected.

ARTICLE – WARRANTIES

7.1. In addition to other guarantees prescribed by the relevant generally applicable statutory provisions, the Seller guarantees a delivery of Goods in the quantity, quality and workmanship laid down in the Purchase Contract and he shall be liable for the fact that, during the warranty period, the Goods shall demonstrate the qualities agreed upon in the Purchase Contract. The Seller shall provide a warranty of **24 months** from the date of the delivery of Goods to the Buyer, unless the Purchase Contract provides for otherwise.



7.2. In particular, the Seller guarantees to the Buyer that the quantity, quality and workmanship of Goods shall comply with all terms and conditions of the Purchase Contract. Furthermore, the Seller guarantees that the Goods are free of defects of any kind whatsoever, they are in compliance with all the relevant laws and regulations and they do not violate any third-party rights.

7.3. During the warranty period, the Seller shall be bound, upon the Buyer's request, to replace any defective Goods or remove the defects so that the Goods would comply with the terms and conditions of the Purchase Contract. From the moment of the replacement of such Goods, the Seller shall provide a warranty for the period of another 12 months.

ARTICLE 8 – PACKAGES AND WASTE MANAGEMENT

8.1. Some Goods are delivered in/on transport packages (barrels or pallets). The Buyer undertakes to handle these packages pursuant to the Conditions of handling returnable packages of ČEZ Logistika, s.r.o., which are an integral part hereof, see Annex No. 1/1, or, where appropriate, to the Purchase Contract, at the price shown in the Seller's applicable pricelist or as per the individual terms and conditions agreed upon by the Seller and Buyer.

8.2. The Buyer undertakes to return such packages to the Seller no later than **six (6) months** after the date of invoice, undamaged, to the Seller's relevant storehouse.

8.3. Should the Buyer fail to return the packages within the time limit specified above, the Seller shall not be obliged to purchase such packages back.

ARTICLE 9 – PASSAGE OF OWNERSHIP TITLE

9.1. The Seller hereby declares and guarantees to the Buyer that he is fully authorised and competent to pass to the Buyer, upon a delivery, a due ownership title, not limited in any respect, to the Goods, including the third-party guarantees related to the Goods being delivered, and that the ownership title to the

Goods shall be passed without any claims, rights of lien or encumbrances.

9.2. The Goods shall remain in the Seller's possession and the Buyer shall not acquire the ownership title until the full payment of the purchase price to the Seller in the legitimately invoiced amount.

ARTICLE 10 – INTELLECTUAL PROPERTY RIGHTS

The Seller guarantees (if applicable) that the Intellectual property rights and know-how granted, in accordance with the statutory provisions, by the Buyer, for his use, shall be used exclusively for the Buyer's needs and the Seller undertakes to return to the Buyer all reference documents provided by the Buyer, in particular plans, studies and the documentation prepared by the Buyer or his subcontractors during the performance of the Purchase Contract.

Where the third-parties' Intellectual property rights are attached to the Goods, the Seller shall be bound to secure the exercise of such rights by the Buyer in the extent required for due use of the Goods under the Purchase Contract.

ARTICLE 11 – CONFIDENTIALITY

All the documents and information of any nature delivered by the Buyer to the Seller or by the Seller to the Buyer, or prepared by the Seller or the Buyer in connection with the performance of the Purchase Contract may be used by the Seller or Buyer exclusively for the purposes of performance of the subject matter of the Purchase Contract and may be made available to a third party only subject to the relevant Contracting Party's prior written consent and only subject to the third party's written declaration of the assumption of the confidentiality obligation with respect to such information. In addition, the Seller and Buyer undertake to consider the existence, nature and terms and conditions of the Purchase Contract to be confidential during the life of the business relation and thereafter as well.

ARTICLE 12 – FORCE MAJEURE



Neither of the Contracting Parties shall be liable for non-performance of the contractual obligations, should such non-performance have been caused by an event, which is unforeseeable, unavoidable and beyond the control of the relevant Contracting Party, and it may not be prevented by taking reasonable business actions by the relevant Contracting Party (a force majeure event).

A case of economic exigency or a change in general economic conditions may not be considered a force majeure case.

The Contracting Party claiming to be affected by force majeure shall be bound to notify the other Contracting Party forthwith and exert all reasonable efforts to limit the duration and adverse impacts of force majeure on its performance and on the other Contracting Party.

ARTICLE 13 – BREACH OF OBLIGATIONS - TERMINATION

13.1. Unless the Purchase Contract provides for otherwise, if either of the Contracting Parties breaches any of its obligations or violates any provision of the Purchase Contract, it shall notify the other Contracting Party of such a breach or violation. Where such a breach or violation is not removed within eight (8) days after the notification, the affected Contracting Party shall be entitled to withdraw from the Purchase Contract following a written notification (the withdrawal being effective as of the delivery of the notification to the other Contracting Party). Should this right for withdrawal from the contract be provided for in the Purchase Contract or the General Agreement on Deliveries of Goods differently, the provisions of this subsection 13.1. shall not be applied.

13.2 In addition, the Seller shall be entitled to withdraw from the Purchase Contract immediately by a delivery of a written notification to the Buyer, should the Buyer's financial or commercial situation change, including insolvency, bankruptcy petition with respect to the Buyer's assets, approved composition, commencement of the Buyer's liquidation, or if a change occurs with the capital management, and, in accordance with the Seller's reasonable opinion, such a change

could adversely affect the Buyer's activity, including, in particular, the Buyer's capacity to meet his obligations under the Purchase Contract.

ARTICLE 14 – SEPARATE PROVISIONS

Should any one or more provisions hereof be in conflict with any applicable statutory requirements, it shall be made invalid or it shall not be enforceable for any reasons whatsoever, the respective provision shall not be applied and the Contracting Parties shall seek an agreement with respect to its/their replacement by a provision where validity, lawfulness and enforceability shall be the closest possible to the Contracting Parties' original intention and it shall have a comparable economic effect. The remaining provisions of the current Conditions shall not be affected.

ARTICLE 15 – COMPLIANCE WITH LAW

The Seller undertakes to comply with and exert maximum efforts so that his contractors would adhere to all generally applicable statutory provisions and other requirements (including the obligations imposed thereon by the government authorities' decisions), with regard to the deliveries of Goods under the Purchase Contract, in particular, the acquisition, production, assembly, testing, execution, handling, transportation, storage, packaging and delivery of Goods.

ARTICLE 16 – HEALTH, SAFETY AND ENVIRONMENT

The Seller is bound to comply with, and he shall secure that his staff and agents adhere to, the relevant laws and measures regarding health, safety and the environment.

ARTICLE 17 – RELATIONSHIP BETWEEN THE CONTRACTING PARTIES

Any part of the Purchase Contract does not mean, and may not be construed in such a manner that on the basis of that a commercial company, joint venture or a relation between a client and agent, or any other relationship of a similar nature between the Contracting Parties,



would be set up. The parties to the Purchase Contract shall be considered independent Contracting Parties and neither of the Contracting Parties is granted a right or authorisation to make decision on obligations in representation or in the name of the other Contracting Party.

ARTICLE 18 – GOVERNING LAW – JURISDICTION

These Conditions are drawn up and shall be construed in compliance with the laws of the Czech Republic, with the provisions of the Commercial Code, in particular. Unless the Purchase Contract provides for otherwise, all disputes arising from the Purchase Contracts or in their connection shall be finally settled by the Arbitration Court of the Commercial Chamber of the Czech Republic and Agrarian Chamber of the Czech Republic, by three arbiters, in compliance with the Arbitration Rules and the Statute. The arbitration award shall be final and enforceable. The arbitration proceedings language shall be Czech language. The arbitration proceedings shall take place in Prague.

ARTICLE 19 - ANTI-CORRUPTION CLAUSE

Concluding the Purchase Contract, the Contracting Parties agree to adhere to the supreme ethical principles and anti-corruption conduct before, during as well after the performance of the subject matter of the performance of the Agreement.

19.1. In order to attain the purpose of the Purchase Contract, the Seller defines the term below: "corruption conduct" means an offer, promise or delivery as well as request for or acceptance of any inadequate benefit, also in the effort to accelerate proceedings, offering or acceptance of a benefit, inadequate donation, expression of hospitality, direct or indirect settlement of costs, personally or from a person at the position of any employee or a member of a statutory body of a private or public entity (including a person who in any position takes a decision or works for a company or organisation in the private or public sector), with a view to acquiring, keeping or directing a trade transaction or securing any benefit in the

process of assigning orders or conclusion and implementation of this Agreement.

19.2 The Buyer shall be bound to secure that the persons controlled by him as well (as set out in Section 66a(2) of the Commercial Code) shall adhere to these anti-corruption principles as well.

19.3. In addition, the Buyer undertakes to require that the person which is his controlling person under Section 66a (2) of the Commercial Code shall adhere to these principles with respect to the Seller.

19.4. The Seller reserves the right to cancel the Purchase Contract if he ascertains that the Buyer, or his controlling or controlled person, where appropriate, during the execution hereof, directly or via his representative, has committed a corruption conduct and failed to adopt a timely and satisfactory remedial measure.

ARTICLE 20 – MISCELLANEOUS PROVISIONS

20.1. The Purchase Contract, the General Agreement on Deliveries of Goods and agreements contemplated herein constitute a complete agreement between the Contracting Parties with respect to the subject matter of performance. The Purchase Contract, including all its parts replaces all the previous agreements between the Contracting Parties and no other agreements or consents exist between the Contracting Parties with respect to the purchase of Goods.

20.2. No addition, change, modification or amendment to the Purchase Contract and no waiver of rights or measure shall be valid or binding, unless it is expressed in writing and undersigned by both the Contracting Parties and attached to the Purchase Contract.

All the Contracting Parties' guarantees, provisions, rights and obligations undersigned and approved herein with respect to performance or termination of the Purchase Contract, including the obligation regarding confidentiality of information and damages shall survive the expiration or termination of the Purchase Contract.



ČEZ Logistika, s.r.o.

The heading of each article serves only for orientation and it should not affect the interpretation of its contents.

These General Sales Terms and Conditions replace in the full wording the original General Commercial Terms and Conditions of ČEZ Logistika, s.r.o.

**Annex 1/1
Conditions of returnable package
management of ČEZ Logistika, s.r.o.**

**Annex 1/2
Complaint Rules of ČEZ Logistika, s.r.o.**

Ostrava, 1 December 2007

A handwritten signature in blue ink, appearing to be 'DM', written over a horizontal line.

**Ing. Daniel Morys
Sales Department Director
ČEZ Logistika, s.r.o.**