

Articles of Association of ČEZ, a. s.

**Draft amendment to be discussed by the company's general meeting
on 27 June 2014**

I. PRINCIPAL PROVISIONS

Article 1

Corporate Name, Registered Seat and Internet Website of the Company

1. The company's corporate name ~~of the company~~ is ČEZ, a. s.
2. The ~~company's~~company's registered office is at Prague 4, Duhová 2/1444, 140 53.
3. The company's internet website is ~~located at the address:~~
www.cez.cz available at www.cez.cz.
4. The company chooses to be governed entirely by Act No. 90/2012 Coll., on Business Corporations and Cooperatives (the Corporations Act).

Article 2

Scope of Business

1. The scope of the ~~company's~~company's business is as follows:
 - a) power generation,
 - b) power distribution,
 - c) power trading,
 - d) thermal energy generation,
 - e) thermal energy distribution,
 - f) gas trading,
 - g) production, business and services not stated in annexes 1 to 3 of the Trade Licensing Act
 - h) electronic equipment installation and repairs,
 - i) electrical equipment and devices installation and repairs,
 - j) reserved electrical equipment installation, repairs, reviews, and testing,
 - k) testing, measuring, and analyses,
 - l) reserved pressure equipment, boilers, and pressure vessels installation, repairs, reconstruction, reviews, and testing, periodical testing of gas vessels,
 - m) metal working,
 - n) hazardous waste management business,
 - o) plumbing trade,

- p) insulation installations;
- q) catering
- r) production and ~~importsimport~~ of chemicals and chemical agents classified as explosive, oxidizing, extremely combustible, highly combustible, highly toxic, toxic, carcinogenic, mutagenic, teratogenic, environmentally hazardous, and sale of chemicals and agents classified as highly toxic and toxic;
- s) production and import of chemicals and chemical agents classified as combustible, harmful to health, caustic, irritating, and sensibilizing;
- t) psychological advisory services and diagnostics;
- u) ~~provision of~~ services in the area of occupational health and safety and health ~~protection at work~~;
- v) technical-organizational activities in the area of fire protection;
- w) acting as accountants, bookkeeping, ~~keepingtax recordkeeping~~
- x) provision of technical services to protect property and individuals
- y) security of ~~tax records.property and individuals~~

Article 3

Registered Capital of the Company ~~and Method of Share Issue~~ Price Payment

1. The company's registered capital ~~shall—amountamounts~~ to CZK 53,798,975,900 (~~to within words~~: fifty-three billion seven hundred and ninety-eight million nine hundred ~~and~~ seventy-five thousand and nine hundred Czech crowns).
- ~~2. In subscribing for new shares, monetary, as well as in-kind contributions are permissible. The value of in-kind contributions shall be stipulated using the procedure pursuant to the law.~~

Article 4

Company Shares

1. The company's registered capital ~~shall be is~~ divided into 537,989,759 (~~to witshares (in words~~: five hundred thirty-seven million nine hundred ~~and~~ eighty-nine thousand seven hundred and fifty-nine) shares;), each ~~havingwith~~ a nominal value of CZK 100 (~~to within words~~: one hundred Czech crowns). All the shares ~~shall be in-are issued as~~ book-entry form ~~entered shares~~.
2. All company shares ~~shall be are~~ bearer shares. All company shares ~~shall be listed~~ have been admitted for trading on the European regulated market.

3. Company shares may be acquired by company employees subject to the ~~consent of the~~ Supervisory ~~Board~~ Board's consent and the conditions listed in Section ~~158258~~(2) of the ~~Commercial Code~~ Corporations Act, with the company employees not being required to pay the full issue price of the shares ~~being issued~~ subscribed for or the full price for which the company purchased the shares for the employees, if the difference is covered out of the company's own funds. The aggregate of the portions of the issue price or purchase price of all shares not being paid for by employees may not exceed 5% of the registered capital at the time of ~~making the~~ decision on the subscription of shares by employees or sale of the shares thereto.

Article 5 Issue of Bonds

1. Pursuant to the general meeting's decision, the company may issue bonds with the attached right to exchange the same for the company's stocks (convertible bonds) or with the attached preferable right to subscription of shares (priority bonds), ~~provided that~~ . The issue of such bonds is subject to the general meeting concurrently decides company's concurrent decision on a conditional increase in the registered capital, unless, where convertible bonds are involved, it is subject to conversion for company shares that have already been issued.

II. COMPANY'S BODIES

Article 6 Structure of Company's Bodies

1. 1.—The company ~~shall have~~ has a two-tier internal structure.

2. The company has the following bodies:

- a) general meeting,
- b) board of directors,
- c) supervisory board,
- d) audit committee.

III. GENERAL MEETING

Article 7

Status and Dates of the General Meeting ~~and Intervals of Its Convocation~~

1. The general meeting ~~shall be~~is the company's supreme body.
2. The ~~ordinary~~ general meeting ~~shall be convened~~is held at least once ~~a year, always per accounting period, at all times~~ within six months following the last day of the previous accounting period.
3. ~~Other general meetings convened by the board of directors or the supervisory board or shareholders specified in section 181 subsection 1 of the Commercial Code shall be deemed to be extraordinary general meetings.~~

Article 8

Powers of the General Meeting

1. The exclusive powers of the general meeting ~~shall~~ include the following:
 - a) decisions on amendments to these Articles of Association, unless such change results from the an increase in the registered capital by the board of directors authorized to do so by the ~~relevant decision of the~~ general meeting, or unless such change occurred in consequence of other legal facts;;
 - b) decisions on ~~increases in~~changing the amount of the registered capital ~~or and~~ on the board of ~~directors'~~directors' authorization to increase the registered capital or on the possibility to set-off a monetary claim against due to the company against a ~~receivable arising from failure to pay claim for the payment of~~ the issue price ~~of any shares or decisions on the issue of share warrants (poukázky na akcie), or decisions on concurrent reduction of and increase in the registered capital or on authorization of the board of directors to publish in, including approval of a manner stipulated by law and by these Articles of Association an amount of reduction of the registered capital and the new par value of the existing shares of the company corresponding thereto. draft offset agreement;~~
 - c) decisions on ~~decreases in the registered capital and decisions on issue of~~issuing convertible ~~and or~~ priority bonds;;
 - d) election and removal of ~~members of the~~ supervisory board, ~~except for members elected and removed by employees pursuant to the law and these Articles of Association, and approval of agreements on incumbency of members of the~~ supervisory board ~~and rules for the voluntary provision of emoluments to members of the company's~~

supervisory board, members' service contracts and any amendments thereto;

- e) approvals of the ordinary or extraordinary financial statements and consolidated financial statements and, in cases stipulated where interim financial statements are required by law, of interim financial statements, decisions on distribution of profits or for other resources of the company or coverage of losses, determination of royalties and dividends and contributions from profit to individual funds;
- f) decisions on remuneration for to provide performance (see Section 61 of the Corporations Act) to members of the supervisory board and members of the audit committee, and decisions on the payment of royalties to the members of the board of directors and supervisory board, and on the rules of distribution of royalties among individual members of the supervisory board and board of directors;
- g) decisions on submitting a request on accepting the company's participating securities of the company for trading on the European regulated market or a similar foreign regulated market and and on their exclusion from trading, on such market;
- h) decisions on company's winding up terminating the company with liquidation, appointment and removal of a liquidator, including the determination of the amount of such liquidator's remuneration, and approvals of and approval of the proposed structure of liquidation balance distribution;
- i) decisions on a company transformation of the company, unless the not necessary if not required by law stipulates that such decisions are in the power of the board of directors;
- j) approval of agreements on the transfer transfers of, pledges over or usufructuary leases of the enterprise (or partsany part thereof), on the lease of the enterprise (which would mean a substantial change of the enterprise's structure or parts thereof), and on the creation of a pledge over the enterprise (a substantial change of the company's business operations or parts thereof). activities;
- k) approvals of acts taken on behalf of the company prior to its incorporation;
- lk) approvals of controlling agreements, agreements on profit transfers, and transfer agreements on, and silent partnership agreements, as well as approvals of amendments thereto, and the termination thereof;
- m) granting agreement to conclude contracts under section 193 subsection 2 of the Commercial Code;
- nl) decisions on funds available to the company for sponsoring activities within a stipulated period;
- om) decisions on change in formchanging the class or type of shares and on changes into the rights related to specific share types, classes;
- pn) exclusions or restrictions of priority rights to acquisitions of convertible and priority bonds or to subscription of new shares,

- ~~eo)~~ decisions on share consolidation;_i
- ~~fp)~~ decisions on the ~~concept of the~~ company's business concept and changes ~~therein,thereto~~;
- ~~s)~~ ~~resolution of disputes between company's bodies~~;
- ~~tq)~~ discussions on the board of ~~directors' annual~~directors' report on the company's business and its assets;_i
- ~~ur)~~ decisions on stating the auditor to perform the statutory audit;_i
- ~~vs)~~ election and removal of the members of the audit committee, and approval of ~~incumbency agreements of the~~ audit committee members ~~and of rules for the voluntary provision of emoluments to members of the company's audit committee, members' service contracts~~;
- ~~wt)~~ decisions on other matters covered by the powers of the general meeting by law or pursuant to these Articles of Association.

Article 9

Convocation of~~Convening~~ the General Meetings

1. The general meeting ~~shall be~~is convened by the board of directors, or, ~~as the case may be, any member thereof in the event if applicable, any director if~~ the board of directors has failed to ~~decide on such convocation of a~~convene the general meeting without undue delay and the law ~~sets forth the obligation to convene such~~requires that the general meeting be convened, or ~~provided that if~~ the board of directors ~~fails to~~does not constitute a quorum ~~for an extended period of time on a long-term basis, unless the law sets forth otherwise~~.
2. If the company's interests so require, or if the board of directors fails to discharge its duties on a long-term basis and a director does not convene the general meeting ~~shall be convened by~~_i the supervisory board ~~and the same shall propose all necessary~~convenes the general meeting and proposes the measures to be taken. ~~A case when if~~ the supervisory board ~~of directors or any director fails to satisfy their obligation~~ to convene the general meeting ~~shall always be deemed such event of interest of the company, any member thereof may do so~~.
3. Under~~Subject to~~ the terms and conditions set forth by law, the ~~court may empower~~ shareholders specified in ~~section 181 subsection 1~~Section 365 of the ~~Commercial Code~~Corporations Act may apply to the court to grant the power to convene ~~an extraordinary~~the general meeting.
4. ~~A~~The body convening the general meeting ~~shall be obligated~~is required to have a notice of such general meeting published no later than 30 days prior to the meeting on the company's internet website, ~~at~~ and on a notice board in the company's registered ~~seat and by other means stipulated by law. This period of time shall be~~office. The deadline is reduced to 15 days ~~in the case of convocation of~~where a substitute general meeting is convened and to 21 days

~~in the case of convocation of an extraordinary~~ where a general meeting is convened upon the request of the shareholders specified in ~~section 184 subsection 1~~ Section 365 of the Corporations Act. Sending the notice to shareholders' addresses is no longer required. Instead, the notices are published in the Commercial Code Bulletin (*Obchodní věstník*).

5. Each notice ~~of general meeting shall contain~~ contains at least the following:

- a) company's business name and registered seat;_i
- b) place, date, and time of the general meeting;_i
- c) information on whether an ~~ordinary, extraordinary, annual~~ or substitute general meeting is being convened;_i
- d) agenda of the general meeting, including individuals who are nominated as directors/officers/members of the company bodies;
- e) record date for attendance of the general meeting and explanation of its meaning for voting at the general meeting;_i
- f) conditions for ~~the exercise of~~ exercising shareholders' rights at the general meeting;_i

g) general meeting agenda proposals and their justifications

~~gh)~~ if the agenda ~~of~~ requires the general meeting ~~includes approval of the to approve~~ financial statements, ~~then~~ the notice ~~shall~~ will also ~~contain the principal information contained in such inform shareholders that the full version of the financial statements, and shall specify where and when such is available on the company's website; the financial statement shall~~ statements are to be available to company's shareholders made available on the website at least 30 days before the general meeting is held (no later than on the date the notice of the general meeting is published) and for review, 30 days after the financial statements are approved or disapproved;

~~hi)~~ should the agenda of the general meeting include amendments to the company's Articles of Association, ~~then~~ the notice ~~on~~ of the general meeting ~~shall also at least characterize the substance of the proposed amendments, and must inform the shareholders that the proposed amendments to the Articles of Association shall be made~~ are available to the shareholders in the company's offices at no charge during the period set forth for convocation of the general meeting. Each shareholder may request sending of a copy of such proposed amended Articles of Association at its own expense and risk. Shareholders shall be notified of such right in the relevant notice of the general meeting;_i

~~ij)~~ other ~~requisites set forth~~ particulars required by law (e.g., in the event of decrease of and increase in the registered capital, in the event of company transformation) or by a decision of the body convening the general meeting.

6. Any general meeting may be ~~canceled~~ cancelled or postponed. Such cancellation or postponement must be notified in the same manner as the convocation of the general meeting by no later than the time specified for

commencement of the general meeting. Unless such notice is issued at least one week prior to the date of the general meeting, the shareholders arriving according to the original notice of the general meeting ~~shall be~~are entitled to reimbursement of purposefully incurred costs. ~~An extraordinary~~ Any general meeting convened upon the request of the shareholders specified in ~~section 181 subsection 4~~Section 365 of the ~~Commercial Code~~Corporations Act may only be ~~canceled~~cancelled or postponed if such shareholders so ~~require~~agree.

7. ~~Upon~~Subject to the conditions ~~specified~~imposed in ~~section 182 subsection~~Section 369(1 letter a) of the ~~Commercial Code~~Corporations Act, the board of directors ~~shall~~will, upon the request of the shareholders specified in ~~section 181 subsection 4~~Section 365 of the ~~Commercial Code~~Corporations Act, amend the agenda of the general meeting by a matter specified by such shareholders and publish the ~~amendment of the~~updated agenda.

Article 10

General Meeting's Quorum and Substitute General Meeting

1. The general meeting ~~shall constitute~~constitutes a quorum ~~in the event if~~ the attending shareholders ~~ownhold~~ shares ~~the whose~~ nominal value ~~of which~~ exceeds 30% of the company's registered capital.
2. In assessing ~~the qualifications of whether~~ the general meeting is quorate to make ~~decisions~~resolutions, shares and interim certificates ~~shall not be taken into account, which do not authorize their holders to exercise~~which no voting right is attached or where the voting rights ~~pursuant to the~~cannot be exercised in line with law or these Articles of Association. ~~will not be taken into account. This does not apply if the voting rights are acquired temporarily.~~
3. Unless the general meeting constitutes a quorum ~~within one hour after the time of commencement published in the notice of the general meeting~~, the board of directors ~~shall~~will convene, if necessary and in a manner set forth by law and these Articles of Association, a substitute general meeting to take place within six weeks following the date of the original general meeting.
4. ~~Such~~The substitute general meeting ~~shall have~~has the same agenda as the original general meeting, unless the law implies otherwise, and ~~shall be deemed to constitute~~constitutes a quorum ~~regardless of the provisions of~~subject to the terms and conditions imposed in Section 1 above.

Article 11

Attendance of the General Meetings

1. The right to attend a general meeting ~~shall be~~is vested in each person recorded as a shareholder ~~or, shareholder's representative,~~ administrator or

a party authorized to exercise the rights attached to a share in the statutory ~~securities~~ register ~~(central securities depository of investment instruments (Central Securities Depository))~~ as of the record date. The record date ~~shall befor attending the general meeting is~~ the seventh calendar day prior to the date of the general meeting. The general meeting ~~shallis~~ also ~~be~~ attended by directors ~~and members of the~~ supervisory board members and audit committee members. The general meeting may also be attended by persons whose views on the individual items of the agenda of the general meeting may be useful, such as the company's auditors or advisors and persons ensuring ~~a~~ due course of the general meeting. ~~Other persons may only attend general meetings with the consent of the board of directors.~~

2. Each shareholder ~~shall~~will without undue delay notify all changes, if any, in their data entered in the statutory register of ~~book-entry securities~~investment instruments. Under no circumstances ~~shall~~will the company be liable for any consequences of any shareholder's omission to ~~fulfill~~fulfil such duty.

Article 12

Transaction of Business and Decision-Making of the General Meeting

1. The general meeting ~~shall elect~~elects its chairman, minutes clerk, ~~two~~ minutes verifying clerks, and ~~scrutineers~~.
2. ~~a scrutinizer or scrutinizers. If the minutes clerk, minutes verifying clerks, and a scrutinizer are not elected they will be appointed by the party which convened the general meeting. The general meeting shall be presided by its may decide that one and the same person will be the chairman; until the election of such of the general meeting and minutes verifying clerk at the same time or, if applicable, that the~~ chairman of the general meeting, will be in charge of counting the votes unless it jeopardizes the due course of the general meeting ~~shall be presided.~~
2. Before the chairman of the general meeting is elected, the general meeting is chaired by a chosen member of the body convening such general meeting the party which convened the general meeting or person appointed by it. The same applies if the chairman of the general meeting is not elected. Should the general meeting be convened based on a court decision upon the request of the shareholders specified in section 181, subsection 1 Section 365 of the Commercial Code Corporations Act, the court may also appoint the chairman of the general meeting without any proposal.
3. The chairman of the general meeting ~~shall be~~is obligated to provide for submission at the general meeting ~~of~~ all proposals, counterproposals, and requests for explanation by shareholders, provided that the same relate to the agenda of the meeting and the relevant shareholder insists on the submission thereof at the general meeting. ~~The chairman of the general meeting shall also be obligated to provide~~ Shareholders may ask for ~~response at the general~~

~~meeting to shareholders' requests for and receive an~~ explanation of matters related to the company ~~being or parties controlled by the company provided that such explanation is necessary for assessing the matters on the subject of the general meeting agenda or for exercising shareholder rights at the general meeting; the foregoing does not apply if the law implies that answer does not have to be provided.~~ Explanations may be provided in the form of summarised answers to several questions of similar content. ~~It applies that the shareholders have received an explanation, even if the supplementary explanation to points on the agenda was published on the company's internet website at latest on the day before the general meeting, and is available to shareholders at the venue of the general meeting. The company will explain matters regarding the pending general meeting directly at that general meeting. If impossible given the complexity of the explanation, the company will provide the explanation to the shareholder within 15 days following the date the general meeting is held.~~

4. The general meeting ~~shall decide~~decides by a simple majority of votes of attending shareholders, unless provided otherwise by law or the company's Articles of Association. One vote ~~shall be~~is attached to each company's share ~~having with~~ a nominal value of CZK 100.
5. ~~The~~Save where set forth otherwise by law, the general meeting ~~shall decide~~decides by at least a two-thirds majority of votes of attending shareholders on the following:

- a) amendments to ~~these the~~ Articles of Association, ~~unless such amendments or decisions as a result from an increase in the company's registered capital by of which the board of directors or unless they result from other legal facts, Articles of Association are to be amended;~~
- b) ~~an increase in or decrease of the registered capital or authorization of the board of directors to increase the registered capital or;~~
- c) ~~the possibility to set off a monetary claim against due from the company against a receivable arising from failure to pay claim for payment of the issue price, or decisions on the issue of share warrants or decisions on the concurrent reduction of and increase in the registered capital or on the authorization of the board of directors to publish in a manner stipulated by law and by these Articles of Association an amount of reduction of the registered capital and the new par value of the existing shares of the company corresponding thereto;~~
- e) ~~a decrease of the registered capital and d)~~ issue of convertible and priority bonds;
- de) the company's ~~winding up~~dissolution with liquidation and ~~proposal for~~ distribution of the company's liquidation balance;
- ef) approval of ~~agreements on the transfer~~transfers of, pledges over or usufructuary leases of the enterprise (or ~~parts any part~~ thereof), ~~on the lease of the enterprise (or parts thereof), and on the creation of which would mean a pledge over the enterprise (substantial change of the~~

enterprise's structure or parts thereof); a substantial change of the company's business operations or activities;

6. ~~The 6.~~ Save where set forth otherwise by law, the general meeting ~~shall decidedecides~~ by at ~~a~~ least a three-fourths majority of attending shareholders on the following:

- a) exclusion or restriction of the priority right for ~~acquisition of~~acquiring convertible and priority bonds;_i
- b) making it possible for profit to be distributed to parties other than shareholders in line with law and the Articles of Association;
- ~~bc)~~ exclusion or restriction of the priority right for of shareholders during an increase of the registered capital by subscription ~~offor~~ new shares ~~pursuant to the provisions of Section 204a of the Commercial Code;~~_i
- ~~ed)~~ approval of a controlling agreement and amendments thereto;_i
- ~~de)~~ approval of an agreement on profit transfer and amendments to the same;_i
- ef) increase in the registered capital through in-kind contributions.

7. Decisions of the general meeting on changing the ~~change in a class or~~ type ~~or form~~ of shares, on changes into the rights related to certain ~~types~~classes of shares, ~~and on exclusionon restricting the transferability~~ of shares ~~and on excluding shares~~ from trading on the European regulated market ~~or a similar foreign regulated market shall beare~~ subject to the consent of at least three-fourths of the votes of attending shareholders holding such shares.

8. ~~Decisions of the general~~General meeting decisions on consolidation of shares ~~shallare~~ also ~~be~~ subject to the consent of all shareholders whose shares are to be so consolidated.

9. ~~In assessing the qualifications of the general meeting to make decisions and in voting at the general meeting, shares or interim certificates without voting rights shall not be taken into account.~~

~~10.~~ A shareholder may not exercise a voting right in cases set forth by law.

~~11~~10. Matters not included in the published agenda of the general meeting may only be decided in the presence and with the participation of all the company's shareholders.

~~12~~11. A notarial deed ~~shall beis~~ drawn up on all decisions specified in Article 8 (1) (a), (b), (c), and (i) and also in all cases of decisions on the following:

- a) ~~company's~~ winding up the company with liquidation and ~~plan for~~ distribution plan in respect of the liquidation balance;_i
- b) change ~~inof~~ the class or type ~~or form~~ of shares;_i
- c) change ~~inof~~ rights related to certain share ~~types~~classes;_i
- d) restriction of transferability of ~~registered~~ shares;_i

- e) ~~exclusion of shares from trading on the European regulated or a similar foreign regulated market,~~
- f) ~~exclusion or restriction of the priority right for acquisition of convertible and priority bonds,~~
- g) ~~exclusion or restriction of a priority right for subscription of new shares,~~
- he) approval of a controlling agreement_{7,i}
- if) approval of an agreement on transfer of profits and amendments thereto_{7,i}
- ig) increase ~~in~~of the registered capital through in-kind contributions_{7,i}
- kh) consolidation of shares_{7,i}
- l) ~~other cases specified by law.~~
- 13li) other circumstances where the law requires that the general meeting's decision take the form of a notarial deed; this is without prejudice to the possibility that the general meeting's decisions on other matters take the form of a notarial deed.

12. Minutes of the general meeting ~~and~~₁ the notice of the general meeting and the list of parties attending ~~shareholders~~the general meeting, including all submitted powers of attorney, ~~shall~~must be kept in the company's archives during the entire term of the company's existence.

Article 13

General Meeting's Rules of Procedure

1. Shareholders may exercise their rights ~~attached to their shares, share warrants, or interim certificates~~ at the general meeting, i.e.,₂ they ~~shall beare~~ authorized₁ in particular₁ to vote, to request and receive explanations of matters related to the company, that being the subject of the general meeting's agenda, and to submit proposals and counterproposals, whether in person, through their statutory governing body, through their proxies submitting a written power of attorney with an officially certified signature of the principal representatives, or through an administrator recorded in the central securities depository register of investment instruments or persons authorized to exercise the shareholders' rights pursuant to another title as recorded in such register.
2. ~~All attending~~Attending shareholders ~~shall beare~~ entered in the attendance list specifying also the business name or name and registered seat of the legal entity or the name and place of residence of an individual person being the shareholder, or, as the case may be, a proxy of the same, the number and nominal value of shares authorizing such person to vote, or, as the case may be, the information that such share does not ~~authorized~~authorize its holder to vote. Should the company reject to record a person in the attendance list, such fact ~~shall will~~ be ~~stated~~included in ~~such the~~ attendance list, including the

reason for such rejection. The ~~correctness~~accuracy of the attendance list ~~shall~~will be confirmed by the signatures of the ~~chairman of person who convened~~ the general meeting ~~and the minutes clerk, both elected pursuant to these Articles of Association or~~ a person appointed by him/her.

3. Attendance of the general meeting ~~shall~~is also ~~be~~ registered in attendance sheets. Each such attendance sheet ~~shall~~will contain the name, corporate name or ~~commercial~~another name of the shareholder, the number of the shareholder's birth registration number — ID card (Czech individual,) or the shareholder's passport number ~~— (foreign individual,)~~, the shareholder's identification number if it is a Czech legal entity, and the signature of the shareholder or their proxy. Should a shareholder be represented, such attendance sheet ~~shall contain~~contains information on their representative to the extent specified for the shareholder.
4. ~~Shareholding individual persons shall~~Shareholders who are individuals prove their identity by ~~submission of an~~presenting their identity card. ~~Persons In addition, individuals~~ acting on behalf of legal entities ~~shall also submit~~are required to present documents certifying the existence of the relevant legal entity and their authorization to act on behalf of such legal entity. Shareholders' proxies ~~shall~~are also ~~submit~~required to present their written powers of attorney with an officially certified signature of the principal. Representatives whose right to represent a shareholder is based on a fact other than the power of attorney are required to present documents attesting such right.
5. Should a shareholder be a foreign individual ~~person~~, he ~~shall submit~~ she is required to present his/her passport. A foreign shareholder's - individual person's - proxy ~~shall also~~is required to submit a written power of attorney with an officially certified signature of the principal. Should a shareholder be a foreign legal entity, ~~he shall also~~it is required to submit an officially certified document proving the existence of the legal entity, which indicates who is authorised to act on behalf of the legal entity, and unless he is also its ~~statutory governing~~ body, he ~~shall also~~is required to submit a written power of attorney with the officially certified signatures of the persons authorised to act on behalf of the legal entity. Representatives whose right to represent a shareholder is based on a fact other than the power of attorney are required to present documents attesting such right.
6. The written power of attorney must indicate whether it was granted for representation at one general meeting or several general meetings ~~within a certain period. At latest on the day of publication of the notice on convening the general meeting, the company shall.~~ The company will make available aboth a hardcopy and e-copy form ~~for of~~ power of attorney at the company's registered ~~seat in documentary form, office~~ and on the company's internet website in electronic form, respectively, no later than on the day the notice of the general meeting is published. The company ~~shall~~must allow shareholders to announce the granting or revoking of the power of attorney by electronic means. ~~Such~~The notice must bear a guaranteed electronic signature based on a qualified certificate issued by an accredited provider of certification services. Details concerning the reception of notices on granting or recalling

powers of attorney and requirements for their contents shall beare stipulated by the board of directors on the company's ~~internet~~ website.

7. Documents issued by foreign authorities by virtue of which a foreign shareholder or his/her/its proxyrepresentative prove their identity shallare to be superlegalized or shall have anprovided with a stamp of apostille (certification) attached,), unless an agreement on legal assistance exists between the Czech Republic and the country where the shareholder has its permanent residence or registered seatoffice. If the aforementioned documents or certification clauses are executed in a foreign language, they must also bear a certified translation into ~~the~~ Czech ~~language~~.
8. ~~Requests for explanation of matters related Proposals and counterproposals must be delivered to the company, provided that such explanations are required for assessment of the subject of no later than ten business days before the general meeting, proposals and counterproposals, except for counterproposals is held. This does not apply to be delivered at least business five days prior~~requests for explanations and nominations of particular individuals to the date of the company's general meeting, may be submitted by the shareholders for the sake of improvement of expediency of the general meeting in writing to the chairman of the general meeting through the general meeting's information center upon the commencement of the relevant general meeting until the declaration by the chairman of the general meeting of the conclusion of such general meeting. The provisions of Section 9 below shall remain unaffected thereby~~company bodies~~. The heading shallmust show whether a request for explanation, a proposal, or a counterproposal is concerned. Requests for an explanation, proposals, and counterproposals shallmust also specify ~~under the text~~ the name, birthID card number (~~or~~ passport number for a foreign individual person), and signature of a shareholder - individual person, or the businesscorporate name or another name and identification number of a shareholder-legal entity registered in the Czech Republic, as well as the signature of the person authorized to act on behalf of such legal entity. ~~Such written filing submitted through the information center shall be enclosed with a clause proving the registration of the shareholder's attendance at the general meeting. Without such information, no filing may be submitted to the general meeting.~~
9. Should shareholders require verbal explanations ~~of matters the explanation of which is required for the assessment of the subject of the general meeting, or should,~~ they ~~verbally ask questions and submit proposals and counterproposals, they shall beare~~ obligated to ask for the floor by raising their hand. As soon as the course of the general meeting so ~~permits so~~, the chairman of the general meeting shallwill give them the floor in the sequence in which they ~~had asked for the same.~~ All shareholders shall beare obligated to formulate their verbal statement so as to make it brief and understandable. Each shareholder has five minutes to present his/her/its request or to make his/her/its statement.
10. ~~The chairman of the general meeting shall be obligated to provide for explanations required by the shareholders through submissions made pursuant to the provisions of these rules or procedure during the general~~

~~meeting, unless in the specific case such explanation may be withheld pursuant to the provisions of the Commercial Code.~~

~~11. Voting on the items of the agenda of the general meeting shall be taken~~10.

Voting on the items of the general meeting's agenda takes place after the general meeting has been informed of all submitted proposals; firstly, the board of directors' proposals ~~shall beare~~ shall be voted on; secondly, supervisory board's proposals ~~shall beare~~ shall be voted on; thirdly, proposals and counterproposals submitted by shareholders ~~shall beare~~ shall be voted on in the order of ~~their~~ submission. Once a submitted proposal is approved, no other proposals or counter proposals opposing the approved proposals ~~shall beare~~ shall be voted on.

~~12~~11. Each ballot paper ~~shall contain~~contains the name, corporate name, or ~~commercial~~another name of the shareholder, the shareholder's ~~birth registration~~ID card number ~~—(Czech individual;)~~ or the shareholder's passport number ~~—(foreign individuals;)~~, the shareholder's identification number if it is a Czech legal entity, and their signature or the signature of their proxy. In the ballot, each shareholder ~~shall make~~makes its choice for a specific proposal number to which the voting refers by crossing "FOR", or "AGAINST", or "ABSTAINED".

~~13~~12. Ballots and ~~the~~ attendance sheets must be signed. Unsigned attendance sheets and ballots ~~shall beare~~ shall be invalid. Torn, scribbled on or otherwise ~~corrupted~~defaced ballots and sheets as well as sheets and papers containing illegible information ~~shall be deemedare~~ shall be invalid as well. Should a mistake occur when filling in the ballot papers by crossing the incorrect value, a ~~scrutineers~~scrutinizer must be asked for assistance. Such ~~scrutinee~~scrutinizer ~~shall transform~~transforms the cross to an asterisk and, by ~~his/her~~ his/her legible signature placed under the shareholder's (~~proxy's~~representative's) signature, ~~s/he shall confirm/she confirms~~ she confirms such adjustment. Should an attendance sheet or ballot be lost, attendance takers or a ~~scrutinee~~scrutinizer ~~shall~~will be asked to issue a duplicate. A record ~~on such issue of stating that~~ a duplicate shall be made was issued is required.

~~14.~~13. After voting, ~~scrutineers shall~~scrutinizers collect the ballots of all shareholders and ~~shall~~ forthwith commence to count the votes. As soon as it is determined that a number of votes required for a decision on the proposed matter ~~has have~~ has been achieved, the chairman of the general meeting ~~shall is to~~ shall be notified by the ~~scrutineers~~scrutinizers of such preliminary ~~voting~~ voting result. ~~Counting. The counting~~ Counting of the remaining votes of shareholders ~~shall continue~~continues and the final results ~~shall will~~ shall be included in the minutes of the general meeting.

~~In case if~~ the number of votes required for approval of a submitted proposal is not achieved, the chairman of the general meeting ~~shall present~~presents to the shareholders a new proposal that may be voted on using the ancillary ballot. An ancillary ballot ~~shall contain~~contains all information specified in Section ~~12-11~~ 12-11 above. Counting ~~shall continue~~continues until the decisive result is achieved. Shareholders ~~shall~~ place their ballots into the ballot box after each round of voting

14. Shareholders cannot claim a general meeting's resolution invalid unless a protest has been filed against the general meeting's resolution (this does not apply if the filed protest has not been registered owing to a mistake of the minutes clerk or the chairman of the general meeting or if the proposing party does not attend the general meeting or, if applicable, the grounds for invalidity of the general meeting's resolution cannot be ascertained at the general meeting). The protest must clearly and comprehensibly describe the circumstances which the protesting party perceives to be the grounds for the invalidity of the general meeting's resolution. The contents of the protest must be included in the minutes from the general meeting only if the protesting party so requests.

IV. BOARD OF DIRECTORS

Article 14

Status and Powers of the Board of Directors

1. The board of directors is the statutory governing body managing the company's activities, ~~acting.~~ Directors act on behalf of ~~the company,~~ and bindingbind the company in the manner set forth herein. ~~No proxy may be appointed to represent a director in their office.~~
2. The board of directors ~~shall decide~~ decides on all company matters, unless such matters are reserved ~~for to~~ the powers of the general meeting ~~or,~~ the supervisory board, or another body by law or these Articles of Association. The board of directors may delegate decision-making powers regarding particular matters to individual directors as per Section 156(2) of the Civil Code and, by means of in-house rules approved by the board of directors, to company employees. However, the delegation of powers does not release directors from the duty to supervise how company matters are administered.
3. The board of directors ~~shall~~ must observe the principles and instructions approved by the general meeting, provided that they are in accordance with legal regulations and these Articles of Association.
4. No one ~~shall be~~ is authorized to instruct the board of directors in the matters related to the company's business management, unless provided so by law. Directors may request the general meeting to grant instructions regarding business management; this is without prejudice to the duty to act with the due care of a prudent manager.
5. The board of directors ~~shall convene~~ convenes a general meeting without undue delay after finding out that the total loss of the company pursuant to any financial statements has achieved such an amount that, even through coverage thereof using the disposable resources of the company, the unpaid loss would reach one half of the company's registered capital, ~~provided that or~~

it may be presumed with a view to all circumstances or ~~provided that it finds out on any other serious grounds; thereafter, the board of directors proposes that the company has become insolvent; thereafter, it shall propose winding up of the company~~ be dissolved or another suitable measure to the general meeting, unless provided otherwise by the insolvency act.

6. ~~The board of directors shall be~~ Directors are obligated to file with the relevant court without undue delay an insolvency petition after ~~it finds out~~ discovering that the company ~~went~~ has gone bankrupt.
7. The board of directors ~~shall in particular~~ is required to, without limitation:
 - a) provide for the company's business management ~~of the company, including the and~~ due keeping of the relevant books;₁
 - b) convene the general meeting and provide for ~~the~~ organization of the same;₁
 - c) submit the following to the general meeting:
 - c.1. draft concept of the company's business and proposed amendments thereto;₁
 - c.2. draft amendments to these Articles of Association;₁
 - c.3. proposals ~~for to~~ increase ~~in or decrease of~~ reduce the registered capital as well as proposals ~~for to~~ issue ~~of~~ priority and convertible bonds pursuant to the provisions of Article 8 hereof;₁
 - c.4. ordinary, extraordinary, and consolidated, or, as the case may be, interim financial statements;₁
 - c.5. ~~proposal~~ proposals for distribution of profits, including the determination of the amount, method of payment, and maturity of dividends, amount of royalties and contributions to funds, or proposals for coverage of the company's losses;₁
 - c.6. annual reports on the company's business and on its assets,
 - c.7. ~~a~~ proposal for winding up ~~of~~ the company;₁
 - c.8. ~~a~~ summarizing explanatory report pursuant to Section 118 (8) of the Capital Market Trading Act;₁
 - c.9. ~~a~~ proposal ~~for appointment of to appoint~~ the auditor to perform the statutory audit based on the Audit Committee's recommendation ~~of the Audit Committee~~;₁
 - c.10. nomination of candidates for electing one-third of the supervisory board members (i.e. four out of the total amount of twelve) from among company employees (including proposals for their removal);
 - c.11. other proposals and documents required by law or these Articles of Association
 - d) enforce the resolutions of the general meeting;₁
 - e) grant and recall the right of procuration;₁

- f) approve and amend the Signing Rules of ČEZ, a. s., and - with the approval of such trade union bodies as may ~~be operative~~operate at the company - the Working Regulations of ČEZ, a. s.;
 - g) ~~approve the Electoral Regulations of ČEZ, a.s., referring to the election of members of the supervisory board elected by company's employees, and organize such elections, in cooperation with the trade union bodies that are operative at the company;~~
 - ~~h) —~~ recall company managers ~~of the company~~ pursuant to the provisions of Section 73 of the Labor~~Labour~~ Code; and
 - ~~ih) sign incumbency agreements for members of company's bodies on behalf of the company contracts of service of the company's directors/body members.~~
8. The board of directors ~~shall decide in particular~~decides on the following, without limitation:
- a) disbursement of funds from the reserve fund, unless provided otherwise by law;
 - b) ~~increase in~~increases of the company's registered capital pursuant to the provisions of Section ~~210~~474 of the Commercial Code~~Corporations Act~~ and ~~pursuant to the provisions of~~ Article 30, et seq., and, in this connection, issue of company's shares as book-entered bearer ~~shares in this connection~~securities;
 - ~~e) —~~ ~~price proposals submitted to the regulatory body,~~
 - ~~ec) draft purchase agreements for electricity, heat, natural gas and greenhouse gas emission allowances, distribution, transmission and auxiliary services, commodity derivatives and commodity trade services, provided that this arises from the Signing Rules of ČEZ, a. s.;~~
 - ~~ed) capital expenditure projects and performance thereof, provided that this arises from the Signing Rules of ČEZ, a. s.;~~
 - ~~fe) approval~~acceptance of long-term loans or borrowings for a period exceeding 1-year and of other similar long-term financial operations of the company, except for security operations, provided that this arises from the Signing Rules of ČEZ, a. s.;
 - ~~gf) content of the annual report pursuant to the provisions of the accounting act and of the semi-annual and annual reports pursuant to the provisions of the capital market trading act;~~
 - ~~h) —~~ ~~distribution of remuneration stipulated by the general meeting between the board of directors and the supervisory board based on rules approved by the general meeting,~~
 - ~~ig) conclusion of agreements on foundation of a business company or an association of legal entities, or on acquisition of a business interest in another legal entity as well as on winding up of a business company or association of legal entities or on the sale of a business interest in another legal entity;~~

~~j) disposal of real estate without the provisions of Article 8 (1) (m) being affected or lease of real estate for, if so implied by these Articles of Association or the Signature Rules of ČEZ, a definite period s.;~~

~~i) matters outlined in provisions 9 through 11 of time, provided that the company is the lessor and the term of lease exceeding three years is concerned this Article.~~

9. The board of directors ~~shall be~~ is obligated to obtain prior consent ~~offrom~~ from the supervisory board ~~before it to any legal acting which~~ implements any ~~decision pertaining to of the board's decisions of~~ the following.:

a) acquisitions, alienation, encumbrance and leases of movables and immovables (except for stock and securities for liquidity management), which ~~shall will~~ be or already are part of the company's ~~business~~ assets, if their book value exceeds CZK 500,000,000 (~~to within words~~: five hundred million Czech crowns),

b) the company's capital expenditure projects, the value of which exceeds CZK 500,000,000 (~~to within words~~: five hundred million Czech crowns),

c) on disposition with property stakes in another legal entity, with the seat in ~~CR~~ the Czech Republic or abroad in the following cases:

c.1. acquisition of a stake in another legal entity by founding a daughter company or by ~~an~~ increase in the registered capital of an existing company or by transfer from a third ~~person party (a controlled party is not deemed to be a third party)~~ or by any other manner where the ~~acquired~~ ~~acquired~~ stake equity exceeds in each individual case CZK 500,000,000 (~~to within words~~: five hundred million Czech crowns) or where, due to such action, the company's share in the registered capital of that other legal entity ~~shall exceed exceeds~~ one third or one half or two thirds of such entity's registered capital; this ~~stipulation shall not be used in the event of founding a daughter company does not apply if a subsidiary is established~~ with the registered capital not exceeding CZK 10,000,000. ~~A controlled person shall not be deemed to be a third person. (in words: ten million Czech crowns).~~

c.2. alienation, abolishment or encumbrance of the stake in another legal entity or ~~decrease~~ ~~reduction~~ of the registered capital of another legal entity in the event that the equity of ~~the~~ stake in such person that is subject to such disposition exceeds in every individual case CZK 500,000,000 (~~to within words~~: five hundred million Czech crowns) or where, due to such action, the company's share in the registered capital of ~~this~~ ~~such~~ other legal entity ~~shall decrease is reduced~~ below one third or one half or two thirds; this ~~stipulation shall does~~ not ~~be used on case the property stake apply if shareholdings~~ in the other legal entity ~~is are~~ transferred ~~to~~ or encumbered to the ~~benefit of the~~ controlled person.;

d) transfer and encumbrance of the company's own shares.;

e) composition of supervisory boards of companies wherein the company holds a stake in such company's registered capital in each individual case exceeding CZK 500,000,000 (~~to within words~~: five hundred million

Czech crowns). The supervisory board may reserve by resolution the right of prior consent even with regard to companies wherein the stake in such company's registered capital does not exceed CZK 500,000,000 (~~to within words:~~ five hundred million Czech crowns);

- f) draft agreement with the auditor selected by the general meeting to perform the statutory audit;
- g) alienation of real estate ~~whose~~ if the market or appraised price thereof exceeds CZK 100,000,000 (~~to within words:~~ one hundred million Czech crowns) ~~in each individual case~~;
- h) provision of borrowings (loans) to third parties or ~~acceptance of any guarantees of the company~~ providing security for third-party liabilities exceeding CZK 200,000,000 (~~to within words:~~ two hundred million Czech crowns) in each individual case, with a controlled person not being deemed to be a third party;
- i) acceptance of a long-term loan from third parties for a period exceeding 1 year, or of other similar financial operation, save for security operations, in excess of CZK 500,000,000 (~~to within words:~~ five hundred million Czech crowns), with a controlled person not being considered to be a third party;
- j) bond issue, except for a bond issue subject to approval by the general meeting within the meaning of Section ~~160~~ 421(2)(d) of the ~~Commercial Code~~ Corporations Act;
- k) provision of options to the company shares, ~~where the law makes it possible for the board to decide thereon~~;
- l) transformation of the company, if the law stipulates that the board of directors has the power to make such decisions;
- m) conclusion of a contract ~~under section 193 subsection 2 whereunder the company is to acquire or dispose of the Commercial Code; stipulation assets if the value thereof exceeds, in one accounting period, one third of Article 8 (1) (m) shall remain unaffected thereby, the company's equity as shown in the most recent consolidated financial statements~~;
- n) enabling the conduct of due diligence (legal, economic, technical, or, as the case may be, environmental audits) of the company, or its organizational unit;
- o) conclusion of management contracts with the head managers, ~~who are simultaneously members of the board of directors, and with the directors of the company divisions unless they are directors~~, and appointment to the ~~function~~ office of the chief executive officer;
- p) stipulation and evaluation of the specific tasks of directors head managers of the company divisions, ~~unless they are directors~~;

q) submission of tender documentation to tenderers for public contracts pursuant to the Public Procurement Act, if the expected value of the contract is higher than one third of the equity arising from the last consolidated financial statements¹;

r) other cases stipulated by law.

10. The board of directors ~~shall be~~^{is} obligated to submit for review to and obtain the opinion of the supervisory board on the following matters:

a) approvals of or amendments to the Organizational Rules of ČEZ, a. s.¹;

b) approval of rules for ~~creation~~^{creating} and ~~application of~~^{applying} the company's funds in accordance with the law and these Articles of Association¹;

c) annual investment and operational budgets¹;

d) proposals for substantial changes in the ~~organization~~^{organizational} structure of the company, ~~in line with the Organization Rules of ČEZ, a.s.;~~

~~e) draft strategy of the company or any substantial update thereof in line with the company's business concept as approved by the general meeting;~~

~~f) draft company's business plan of the company as part of the concept of business approved by the company's general meeting;~~

~~g) proposals for the business concept (and changes thereof) of controlled entities with a registered capital exceeding CZK 500,000,000 (in words: five hundred million Czech crowns), in accordance with legal regulations and with the constitutive documents of those persons controlled by the company); companies;~~

~~h) any and all proposals submitted by the board of directors to the general meeting for decision or for information purposes. Where; where the board of directors is obligated to submit a particular proposal to the general meeting by law, it shall be~~^{is} sufficient to advise the supervisory board of such fact¹;

~~h) content of tender documentation pursuant to the Public Procurement Act, if the expected value of the contract is higher than one third of the equity arising from the last consolidated financial statements.~~

11. The board of directors ~~shall be obliged~~^{is obligated} to advise the supervisory board in particular of the following:

a) approvals of the Working Regulations of ČEZ, a.s., and the Signing Rules of ČEZ, a. s.¹;

~~b) approval of the Electoral Regulations of ČEZ, a. s., dealing with the election of members of the supervisory board elected by the employees;~~

~~c) disbursement of funds from the reserve fund¹;~~

~~d) increase in the registered capital pursuant to the provisions of Article 31¹;~~

- ~~ed)~~ long-term agreements for the purchase, sale and transit of electricity concluded for a period exceeding 3 years or if their value in each individual case exceeds CZK 1,000,000,000 (~~to-wit~~ in words: one billion Czech crowns), agreements for the purchase of distribution and transmission services concerning electricity, agreements on the provision of supporting services under the Power Act, agreements for the purchase and sale of commodity ~~derivates~~ derivatives and on the provision of commodity trade services, agreements for the purchase and sale of greenhouse gas emission allowances, agreements for purchase, sale, storage and transit of natural gas, agreements for the purchase of distribution and transmission services concerning natural gas and agreements for the purchase and sale of heat, all ~~this~~ the foregoing if their value in each individual case exceeds CZK 1,000,000,000 (~~to-wit~~ in words: one billion Czech crowns);
- ~~f) — principles for e)~~ results of collective bargaining ~~and the company's wage policy;~~
- ~~g) — supporting documentation for materials submitted to the government of the Czech Republic;~~
- ~~hf)~~ acquisition (including increase in the registered capital), alienation, abolishment or encumbrance of the company's stake in another legal entity or ~~decrease~~ reduction of the registered capital of another legal entity in all other cases not regulated by Section 9 (c);
- ~~i) — founding or winding up of an association of legal entities~~
- ~~ig)~~ capital expenditure projects and ~~their~~ the implementation, thereof if approved by the board of directors;
- ~~kh)~~ developments in the status of ~~receivables~~ overdue claims and ~~payables past due;~~ debts;
- ~~li)~~ monthly developments in the company's economic operations;
- ~~m)~~ the course and outcome of meetings of the company's board of directors;
- ~~n) — contractual conditions of remunerating managers, who are simultaneously members of the board of directors, and directors of the company divisions, on an annual basis.~~

12. Always on or before 15 May ~~15~~ of each calendar year, the board of directors ~~shall submit~~ submits to the supervisory board for review the ordinary and consolidated financial statements and proposals for distribution of profits, the board of directors' report pursuant to ~~stipulation of~~ Section ~~66(a) (9)~~ 82 of the ~~Commercial Code, Corporations Act, the~~ method of payment and maturity of dividends, amounts of royalties, and proposals for coverage of the company's losses. The board of directors also submits the extraordinary and interim financial statements to the Supervisory Board for ~~reviewing~~ review.

Article 15

Number of Directors and Their Terms of Office

1. ~~The board of~~There are 7 directors ~~shall have 7 members.~~
- ~~2. The members of~~on the board of directors ~~shall be.~~
- ~~2. Directors are~~ elected and removed by the supervisory board. Each director may be elected repeatedly. Only a natural person may become a director.
3. The board of directors ~~shall elect~~elects and ~~remove~~removes the ~~board of directors'~~ chairman and the vice-chairman of the board of directors.
4. The term of office~~service~~ of each director ~~shall be~~is four years.
5. Should a director ~~deceased~~die, resign, be removed, or should his term of office~~service~~ be ~~otherwise~~ terminated otherwise, the supervisory board ~~shall elect~~elects a new director within three~~two~~ months.
6. A director may resign from ~~their office at any time~~service by virtue of a written statement delivered to the company and addressed to the supervisory board. The resigning director will simultaneously inform the board of directors ~~or supervisory board. Each such of his/her resignation shall be discussed by the supervisory board. The office of such director shall be terminated as of the date on which the supervisory board discussed or was to discuss such notice of. Directors may not resign if the resignation. The supervisory board shall be obligated~~ takes place at a time inconvenient for the company. The resigning director ceases to discuss such resignation at its subsequent meeting held after the ~~serve as a director upon the expiry of one month from the delivery of such notice. Should a director submit their resignation from the office at a meeting of the supervisory board, its incumbency shall be terminated upon the expiration of two months after such the resignation notice, unless the supervisory board approves another date for termination~~ a different end of the ~~office of such director~~director's service upon ~~such~~the resigning director's request.
- ~~7. The office of a director shall be terminated upon the election of a new director, but no later than after three months following the termination of such director's term of office, except pursuant to the provisions of Sections 5 and 6 of this article."~~

Article 16

Board of Directors' Meetings and Decision-Making

- ~~4. The board of directors shall decide in such manner that to adopt a resolution,~~constitutes a quorum if a simple majority of all ~~the members' votes is necessary. The board of directors shall constitute a quorum when more than one half of its members~~ directors are ~~attending~~present. Each director shall ~~have~~has one vote.

- ~~1. 2. The procedure of the board of directors shall be governed by the board of directors' rules of procedure adopted by the board of directors. The board of directors' rules of procedure shall be adopted or amended by a two-thirds majority of all directors or majority of votes of all directors is understood to mean a majority of the number of directors determined by the Articles of Association.~~
- ~~3. Manner of the meetings of the board of directors' convocation: the contents of the notice, time limits for delivery of such notices and other details shall be set forth by the board of directors' rules of procedure.~~
- ~~2. 4. The chairman of the board of directors shall be~~The board of directors decides by a simple majority of all directors' votes. When voting takes place on an election or removal of a chairman or vice-chairman, the particular director cannot vote.
- ~~3. The chairman of the board of directors is obligated to convene a meeting of the board of directors in the event at least two directors or the chairman of the supervisory board based on the decision of the supervisory board~~so~~require~~so. Such request ~~shall~~is to be made in writing and ~~shall~~specify the urgent reason for ~~the convocation of~~convening such board of directors' meeting. ~~The time limit for convocation of such extraordinary meeting, measures against inactivity, and other details shall be regulated by the board of directors' rules of procedure.~~
- ~~4. 5. The meetings of the board of directors~~shall be subject to and governed by the board's rules of procedure which especially apply to how meetings are convened, include measures against inaction, impose requirements for notices of meetings, delivery deadlines, background materials, attendance of other parties, the course of the meetings and other details. The board of directors adopts or modifies the rules of procedure by a two-thirds majority of votes of all the directors.
- ~~5. Unless the board of directors resolves otherwise, a board meeting will be presided~~over~~by the board of directors' chairman or, if absent, the~~vice-chairman, as the case may be.
- ~~6. 6. Minutes~~shall be~~are~~taken~~on~~the course of a board of directors' ~~meeting~~acting and on all adopted resolutions; such minutes ~~shall be~~are signed by the chairman of the board of directors, another director (always the ~~vice-chairman of the board of directors if such vice-chairman~~director who presided the meeting of the board of directors or its any part ~~thereof or otherwise any director who takes part in the meeting~~), and the minutes clerk. The minutes of the board of directors' meeting ~~shall specify~~specifies the names of directors voting against each individual resolution of the board of directors or of those abstaining from voting. Unless provided otherwise, ~~it shall apply that members of the board of directors not specified~~are presumed to have voted for ~~the adoption of~~adopting such resolution.
- ~~7. In election and voting on recall of a chairman or vice-chairman of the board of directors, the person concerned shall not vote.~~

- ~~7. 8.~~—In urgent matters permitting no delay, the chairman ~~_~~ or vice-chairman in the chairman's absence ~~_~~ may submit a per rollam voting ~~by virtue of a written query or through a query made through communication technology towards all directors, and provided that~~ to take place in writing or via technical devices. ~~The draft resolution must be sent to~~ all directors ~~consent. Such. A~~ resolution ~~shall be~~ deemed ~~to have been~~ adopted ~~in the event if~~ at least two thirds of all directors ~~have voted~~ are present and a simple majority of all directors ~~have voted for its adoption. A decision made outside a meeting shall be recorded in the minutes from the subsequent subsequent meeting of the board of directors. Details~~ votes for its adoption. Other details of the per rollam voting ~~are may be~~ set forth in the board of directors' rules of procedure.
- ~~8. 9.~~—Directors generally attend board meetings in person; however, a director may, in line with Section 159(2) of the Civil Code, empower another director to vote on a particular matter should the director be absent. Where legitimate, a director's presence at a board meeting, including voting, may take a different form (such as using voice or image transmission devices, telephone, telephone or video conferencing). Any individual so involved is presumed to be present at the meeting. Other details may be set forth in the board of directors' rules of procedure.
- ~~9.~~ The board of directors may, at its own discretion, also invite ~~to its meetings~~ also members of other company's bodies, company's employees, or other persons to its meetings.
- ~~10. 10.~~—~~The board of directors shall hold its~~Board meetings are held at least once a month.

Article 17

Board of Directors' Working Commissions, Teams, and Committees

1. The board of directors may establish for its activities working commissions, teams, and committees.

V. SUPERVISORY BOARD

Article 18

Status and Powers of the Supervisory Board

1. The supervisory board is the company's inspecting body. The supervisory board ~~shall supervise the exercise of powers and satisfaction of obligations of~~oversees how the board of directors ~~and conduct of the company's business. No proxy may be appointed to represent a member of the~~

~~supervisory board~~ ~~inexercises~~ its ~~office~~ ~~powers~~ and the company conducts its ~~operations~~.

2. The ~~members of the~~ supervisory board ~~shall be authorized to~~ may review all documents and records related to the company's business and ~~to~~ may inspect whether accounting entries are kept correctly and whether the company's business ~~is or any other operations are~~ conducted pursuant to the provisions of the law, and these Articles of Association, ~~and~~. Supervisory board members may exercise the instructions of the general meeting powers granted to them in the previous sentence only if the supervisory board so decides, unless the Supervisory Board fails to be able to execute its duties. The supervisory board ~~shall inform~~ informs the general meeting of the results of its inspection activities.
3. The supervisory board ~~shall convene~~ convenes a general meeting ~~in the event if~~ it is necessary in the company's best interest or required by law; at such general meeting, ~~it shall propose~~ the supervisory board proposes all necessary measures.
4. The supervisory board ~~shall appoint~~ appoints a member thereof to represent the company in proceedings before courts and other authorities against a member of the board of directors.
5. ~~The~~ In addition to the matters defined by law or these Articles of Association, the supervisory board ~~shall further~~ is required to:
 - a) supervise the observance of generally binding legal rules and regulations, these Articles of Association, and resolutions of the general meeting;₁
 - b) supervise the exercise of ownership rights by the board of directors in legal entities wherein the company holds stakes;₁
 - c) review the ordinary, extraordinary, consolidated, or, as the case may be, interim financial statements, proposals for distribution of profits, ~~including the determination of the amount and method of dividend and royalty distributions,~~ or proposals for coverage of losses, report ~~by the board of directors~~ on the relationships between ~~interconnected persons~~ affiliated parties, and submit its opinions to the general meeting;₁
 - d) discuss the quarterly ~~economic~~ business results, semi-annual and annual reports or, if applicable, other reports pursuant to the provisions of the Capital Market Business Act, and the annual reports drawn up pursuant to the provisions of the accounting act;₁
 - e) convene an extraordinary general meeting if necessary in the best interest of the company;₁
 - f) submit to the general meeting and the board of directors its opinions, recommendations, and proposals;₁
 - g) elect and recall members of the board of directors in the manner provided for in Article 20;₁

- h) approve ~~agreements on incumbency with members~~directors' contracts of service and benefits granted to the board of directors, ~~remuneration for incumbency of members of the board of directors and benefits for the members of the board of directors~~ pursuant to Section 66, paragraph 361 of the Commercial Code, Corporations Act;
 - i) decide on determining and evaluating the specific tasks of directors who are also members of the board of directors-.
6. The supervisory board ~~shall grant~~grants its preliminary consent to the board of directors ~~infor~~ the ~~following matters:decisions referred to in Article 14(9) hereof.~~
- a) ~~acquisitions, alienation, encumbrance and leases of immovables and movables (except for stock and securities for liquidity management), which shall be or already are part of the company's business assets, if their book value exceeds CZK 500,000,000 (to wit: five hundred million Czech crowns);~~
 - b) ~~the company's capital expenditure projects, the value of which exceeds CZK 500,000,000 (to wit: five hundred million Czech crowns);~~
 - c) ~~disposition with property stakes in another legal entity, with the seat in CR or abroad in the following cases:~~
 - c.1. ~~acquisition of a stake in another legal entity by founding a daughter company or by increase in the registered capital of an existing company or by transfer from a third person or by any other manner where the acquired stake equity exceeds in each individual case CZK 500,000,000 (to wit: five hundred million Czech crowns) or where due to such action, the company's share in the registered capital of that other legal entity shall exceed one third or one half or two thirds of such entity's registered capital; this stipulation shall not be used in the event of founding a daughter company with the registered capital not exceeding CZK 10,000,000. A controlled person shall not be deemed to be a third person.~~
 - c.2. ~~alienation, abolishment or encumbrance of the stake in another legal entity or decrease of the registered capital of another legal entity in the event that the equity of stake in such person that is subject to such disposition exceeds in every individual case CZK 500,000,000 (to wit: five hundred million Czech crowns) or where due to such action the company's share in the registered capital of this other legal entity shall decrease below one third or one half or two thirds; this stipulation shall not be used on case the property stake in the other legal entity is transferred or encumbered to the controlled person;~~
 - d) ~~transfer and encumbrance of the company's own shares;~~
 - e) ~~composition of supervisory boards of companies wherein the company holds a stake in such company's registered capital in each individual case exceeding CZK 500,000,000 (to wit: five hundred million Czech crowns). The supervisory board may reserve by resolution the right of prior consent even with regard to companies wherein the stake in such~~

- ~~company's registered capital does not exceed CZK 500,000,000 (to wit: five hundred million Czech crowns),~~
- ~~f) draft agreement with the auditor selected by the general meeting to perform the statutory audit,~~
 - ~~g) alienation of real estate whose market or appraised price exceeds CZK 100,000,000 (to wit: one hundred million Czech crowns) in each individual case,~~
 - ~~h) provision of borrowings (loans) to third parties, acceptance of any guarantees on behalf of the company for third party obligations exceeding in each individual case CZK 200,000,000 (to wit: two hundred million Czech crowns), with a controlled person not deemed to be a third party,~~
 - ~~i) acceptance of a long-term borrowing (loan) from third parties for a period exceeding 1 year and other similar long-term financial operation, save for security operations, in excess of CZK 500,000,000 (to wit: five hundred million Czech crowns), with a controlled person not being deemed to be a third party,~~
 - ~~j) bond issue, except for a bond issue subject to approval by the general meeting within the meaning of Section 160 of the Commercial Code,~~
 - ~~k) provision of options to company's shares,~~
 - ~~l) transformation of the company, if the law stipulates that the board of directors has the power to make such decisions,~~
 - ~~m) conclusion of a contract under section 193 subsection 2 of the Commercial Code; stipulation of Article 8 (1) (m) shall remain unaffected thereby),~~
 - ~~n) enabling the conduct of due diligence (legal, economic, technical, or, as the case may be, environmental audits) of the company, or its organizational unit,~~
 - ~~o) conclusion of management contracts with managers, who are simultaneously members of the board of directors, and with the directors of the company divisions, and appointment to the function of chief executive officer,~~
 - ~~p) stipulation and evaluation of the specific tasks of the directors of the company divisions,~~
 - ~~q) submission of tender documentation to tenderers for public contracts pursuant to the Public Procurement Act, if the expected value of the contract is higher than one third of the equity arising from the last consolidated financial statements~~
 - ~~r) other cases stipulated by law.~~

7. The supervisory board ~~shall discuss~~discusses and ~~provide~~provides its opinions to the board of directors on the ~~following matters:~~ referred to in Article 14(10) hereof.
- ~~a) approvals of or amendments to the Organizational Rules of ČEZ, a. s.,~~
 - ~~b) approval of rules for creation and application of the company's funds in accordance with the law and these Articles of Association,~~
 - ~~c) annual investment and operational budgets,~~
 - ~~d) proposals for substantial changes in the organization structure of the company,~~
 - ~~e) draft business plan of the company as part of the concept of business approved by the company's general meeting,~~
 - ~~f) proposals for the business concept (and changes thereof) of controlled entities with a registered capital exceeding CZK 500,000,000 (five hundred million Czech crowns), in accordance with legal regulations and with the constitutive documents of those persons controlled by the company),~~
 - ~~g) any and all proposals submitted by the board of directors to the general meeting for decision or for information purposes. Where the board of directors is obligated to submit a particular proposal to the general meeting by law, it shall be sufficient to advise the supervisory board of such fact,~~
 - ~~h) content of tender documentation pursuant to the Public Procurement Act, if the expected value of the contract is higher than one third of the equity arising from the last consolidated financial statements.~~
8. The supervisory board ~~shall be entitled~~has the right to be advised by the board of directors in particular ~~of the following:~~in the circumstances referred to in Article 14(11) hereof.
- ~~a) approvals of the Working Regulations of ČEZ, a. s., and the Signing Rules of ČEZ, a. s.,~~
 - ~~b) approval of the Electoral Regulations of ČEZ, a. s., dealing with the election of members of the supervisory board elected by the employees,~~
 - ~~c) disbursement of funds from the reserve fund,~~
 - ~~d) increase in the registered capital pursuant to the provisions of Article 31,~~
 - ~~e) long-term agreements for the purchase, sale and transit of electricity concluded for a period exceeding 3 years or if their value in each individual case exceeds CZK 1,000,000,000 (to wit: one billion Czech crowns), as well as agreements for the purchase of distribution and transmission services concerning electricity, agreements on the provision of supporting services under the Power Act, agreements for the purchase and sale of commodity derivatives and provision of commodity trade services, agreements for the purchase and sale of greenhouse gas emission allowances, agreements for the purchase, sale, storage and~~

~~transit of natural gas, agreements for the purchase of distribution and transmission services concerning natural gas and agreements for the purchase and sale of heat, all this if their value in each individual case exceeds CZK 1,000,000,000 (to wit: one billion Czech crowns),~~

- ~~f) principles for collective bargaining and the company's wage policy,~~
- ~~g) supporting documentation for materials submitted to the government of the Czech Republic,~~
- ~~h) acquisition (including increase in the registered capital), alienation, abolishment or encumbrance of the company's stake in another legal entity or decrease of the registered capital of another legal entity in all other cases not regulated by Section 6 (c),~~
- ~~i) founding or winding up of an association of legal entities~~
- ~~j) capital expenditure projects and their implementation,~~
- ~~k) developments in the status of receivables and payables past due,~~
- ~~l) monthly developments in the company's economic operations,~~
- ~~m) the course and outcome of meetings of the company's board of directors,~~
- ~~n) contractual conditions of remunerating managers, who are simultaneously members of the board of directors, and directors of the company divisions, on an annual basis.~~

- ~~9. The chairman or vice chairman with another member of the supervisory board shall act on behalf of the supervisory board.~~

Article 19

Number of Supervisory Board's Members and Termination of Their Terms of OfficeService

- ~~1. The supervisory board shall have~~There are 12 members ~~on the supervisory board.~~
- ~~2. Two-thirds of the members~~Members of the supervisory board ~~shall be~~are elected and removed by the general meeting, ~~one-third of the members of the supervisory board shall be elected and removed by the company's employees.~~ Each member of the supervisory board may be re-elected repeatedly.
- ~~3. Persons elected. Only a natural person may serve as members of the~~supervisory board by the company's employees must be employed by the company or represent the employees or be its member pursuant to the provisions of special legal rules and regulations.
- ~~4.~~3. The supervisory board ~~shall elect~~elects and ~~recall~~recalls its chairman and two vice-chairmen.

~~5.~~ ~~The term of office of each members of the~~4. ~~Each~~ supervisory board ~~shall~~
~~be member serves for~~ four years.

~~65.~~ Should a ~~member of the~~ supervisory board ~~decease~~member die, resign, be recalled, or ~~its term of office be~~should his/her service be terminated otherwise ~~terminated~~, the general meeting ~~shall~~must elect a new member of the supervisory board within ~~three~~two months, unless the supervisory board exercises its right set forth under Section ~~408~~ below.

~~76.~~ A ~~member of the~~ supervisory board ~~elected by the general meeting member~~ may resign ~~from his/her office at any time~~ by virtue of a written statement delivered to the company (addressed to the supervisory board). However, he/she may not do so at a time that is inconvenient for the company. The resigning supervisory board ~~or the general meeting. Each such resignation shall be discussed by the supervisory board. The office of such member of the supervisory board shall be terminated as of the date on which the supervisory board discussed or was to discuss such notice of resignation. The supervisory board shall be obligated to discuss such resignation at its subsequent meeting held after the delivery of such notice. Should a member of the supervisory board submit his/her resignation from the office at a meeting of the supervisory board, his/her incumbency shall be terminated~~will cease to serve upon the expiration of two months after such notice~~expiry of one month following the delivery thereof~~, unless the supervisory board approves ~~another date for a different termination of~~date at the office of such member upon such~~resigning supervisory board~~ member's request.

~~8.~~ A member of the supervisory board ~~elected by the employees may also resign from his office by virtue of a written notice delivered to the supervisory board. The supervisory board shall be obligated to forthwith notify the board of directors of such resignation of its member elected by employees. The office of such resigning member of the supervisory board shall be terminated as of the date on which the supervisory board discussed such notice of resignation. The board of directors shall be obligated to organize an election of a new member elected by employees within one month following the delivery of the resignation notice of the resigning member to the supervisory board.~~

~~9.~~ ~~The office of a member of the supervisory board shall be terminated upon the election of a new member of the supervisory board, but no later than after three months following the termination of such member's term of office, save for pursuant to the provisions of Sections 6, 7, and~~7. A member of the supervisory board also ceases to serve when a new member of the supervisory board is elected, unless a general meeting decides otherwise.

~~8 of this article.~~

~~408.~~ Unless the number of members of the supervisory board ~~elected by the general meeting~~ drops under one half, the supervisory board may appoint substitute members to ~~take officeserve~~ until the ~~subsequent general meeting~~next general meeting. The time of the substitute supervisory board ~~member's service is to be included in the term of service of the supervisory board member.~~

Article 20

Supervisory Board's Meetings and Decision-Making

- ~~1. 4.~~—The supervisory board ~~shall decide~~constitutes a quorum if a simple majority of all supervisory board members are present at its meeting. Each supervisory board member has one vote. Any reference in this Article to a majority of all members or majority of votes of all members is understood to mean a majority of the number of supervisory board members determined by the Articles of Association.
- ~~2.~~ The supervisory board decides by a simple majority of the votes of all its members, unless provided otherwise by these Articles of Association. ~~The supervisory board shall constitute a quorum when a simple majority of its members are attending. Each member of the supervisory board shall have one vote. When voting takes place on an election or removal of chairman or vice-chairman, the particular member cannot vote.~~
- ~~3.~~—~~The procedure of the supervisory board shall be governed by the supervisory board's rules of procedure adopted by the supervisory board. The supervisory board's rules of procedure shall be adopted or amended by a simple majority of votes of all its members. As regards election of persons in respect of which there is an obstacle to discharge of office pursuant to the provisions of the Commercial Code, or ratification of election, the supervisory board shall decide by a two-thirds majority of all of its members.~~
- ~~3. 4.~~—~~The chairman of the supervisory board shall be~~ The chairman of the supervisory board is obligated to convene a supervisory board meeting ~~of the supervisory board in the event~~if a member of the supervisory board or the board of directors so requires or if the shareholders specified in ~~section 181 subsection 1~~Section 365 of the ~~Commercial Code so require.~~ SuchCorporations Act request ~~shall be made in writing and shall~~that the exercise of the board's powers be reviewed in line with Section 370 of the Corporations Act. Such a request must be in writing and must specify the urgent reason for ~~the convocation of~~convening such meeting.
- ~~4.~~ Meetings of the supervisory board. ~~The time limit for convocation of such extraordinary meeting, are subject to and governed by the supervisory board's rules of procedure which especially apply to how meetings are convened, include measures against inactivity, inaction, impose requirements for notices of meetings, delivery deadlines, the deadline for convening an extraordinary meeting of the supervisory board in line with subclause 43, background materials, attendance of other parties, the course of the meetings and other details shall be regulated by the.~~ The supervisory board's board adopts or

modifies the rules of procedure by a two-thirds majority of the votes of all its members.

5. 5. — The meetings of Unless the supervisory board shall resolves otherwise, a supervisory board meeting will be presided over by the supervisory board's chairman. In the event of the chairman's absence, all such meetings shall be presided by a or, if absent, either of the vice-chairman of the supervisory board. The sequence shall be determined by chairmen (the order of preference is set forth in the supervisory board's board's rules of procedure—).
6. — Minutes shallare to be taken of the course of each a supervisory board's board's meeting and on all adopted resolutions; such minutes shallare to be signed by the chairman of the supervisory board and by another member if he/she presided over the meeting or any part thereof and the minutes clerk. The minutes fromof the supervisory board's board's meeting shall also specifyspecifies the opinions of a minority of members if so requested by the same, and the dissenting opinion of the membersnames of the supervisory board elected by employees shall be recorded under all circumstances.
7. — In election and voting on recall of a chairman or vice-chairman of the supervisory board, the person concerned shall not vote.
6. 8. — In urgent cases that cannot be delayed, a chairman of the supervisory board (or the vice-chairman in the absence of the chairman) may organize a per rollam decision through a written request or a request via communication technology for all members of thewho voted against each individual resolution or who abstained from voting; supervisory board, provided that all members of the supervisory board consent to such manner of voting. A resolution is adopted if the minimum of two thirds of all members take part in the voting and if the majority of all members votes in favor ofnot specified are presumed to have voted for adopting such resolution.
7. 9. — In urgent matters permitting no delay, the chairman or vice-chairman in the chairman's absence may submit a per rollam voting to take place in writing or via technical devices. The draft resolution must be sent to all supervisory board may members. A resolution is deemed to have been adopted if at least two thirds of all supervisory board members are present and a simple majority of all supervisory board members have voted for its adoption. A resolution adopted outside a meeting must be contained in the minutes of the next subsequent meeting of the supervisory board. Other details of the per rollam voting are set forth in the supervisory board's rules of procedure.
8. Supervisory board members generally attend supervisory board meetings in person; however, a supervisory board member may empower another supervisory board member to vote on a particular matter should the supervisory board member be absent. Where legitimate, a supervisory board member's presence at a board meeting, including voting, may take a different form (such as using voice or image transmission devices, telephone, telephone or video conferencing). Any individual so involved is presumed to

be present at the meeting. Other details may be set forth in the supervisory board's rules of procedure.

9. The supervisory board may, at its own discretion, also invite to its meetings also members of other company's company bodies, company's company employees, or other persons. As far as employees or the members to its meetings. Members of other company's company bodies and company employees are concerned, those shall required to be obligated to attend present.

10. ~~10.~~ The supervisory Supervisory board shall hold its meetings at least are held usually once a month.

Article 21

Committees of the Supervisory Board

1. The supervisory board ~~shall be entitled~~has the right to establish ~~certain committees ("supervisory board committees").~~which are the supervisory board's consulting bodies for selected professional issues. Only a member of the supervisory board may serve on a supervisory board committee.
2. Members of supervisory board committees ~~shall be~~are elected and removed by the supervisory board. The ~~term of office of members~~a member of a supervisory board ~~committees shall be of the same length~~committee terminates as ~~their term of office in their capacity~~soon as ~~his/her services as the~~supervisory board membermember terminates. Unless a supervisory board committee member is recalled from the committee (or steps down from his or her membership in the committee), their ~~term of office~~ as a committee member ends no later than on the day on which their supervisory board membership terminates.
3. Each supervisory board committee ~~shall elect~~elects from among their number a chairman and a vice-chairman, who ~~shall act~~acts on the chairman's behalf in his absence.
4. The supervisory board committees ~~shall~~ meet as required but at least once every quarter.
5. ~~Meetings of a supervisory board committee shall be convened by the chairman, or in his/her absence, by the vice-chairman, or another authorized member of the supervisory board committee.~~
6. ~~Each supervisory board committee shall form a quorum if all members have been duly invited to the meeting and a simple majority of its members is present.~~
7. ~~Resolutions of each supervisory board committee shall be adopted by a simple majority of all of its members.~~

8. ~~Minutes shall be taken of the meetings of supervisory board committees; such minutes shall be signed by the chairman of the supervisory board committee, or by the vice-chairman or another authorized member of the committee. The minutes from the supervisory board's meeting shall also specify the opinions of a minority of members if so requested by the same. The minutes shall be kept on file for the duration of the company.~~
95. The position, competences and composition of the individual supervisory board committees ~~shall be~~ stipulated by the statutes of every such committee, approved by the supervisory board. Details about the manner of supervisory committee meetings ~~shall be~~ set forth by ~~the~~ rules of procedure of every such committee, which ~~shall be~~ approved by the ~~supervisory board committee to which the rules apply.~~

VI. AUDIT COMMITTEE

Article 22

Status and Powers of the Audit Committee

1. The audit committee ~~shall be~~ a company body ~~performing especially in charge of~~ the following activities ~~while, without limitation (the responsibilities of the members of the board of directors or of the supervisory board members remain unaffected):~~:
 - a) monitor ~~compilation of the~~ financial statements and consolidated financial statements, ~~are drafted~~;
 - b) evaluate efficiency of the company's internal security, internal audit and ~~the~~ risk management systems, as the case may be;
 - c) monitor ~~the~~ process of the ~~obligatory~~ mandatory audit of ~~the~~ financial statements and consolidated financial statements;
 - d) assess independence of the statutory auditor and audit company and especially ~~provision of any~~ supplementary services ~~provided~~ to the company;
 - e) recommend an auditor to perform the statutory audit.
2. The auditor ~~shall report the audit committee continuously about~~ reports important facts ~~ensuing resulting~~ from the ~~obligatory audit~~ mandatory audit to ~~the audit committee on an ongoing basis~~, especially about principal flaws in the internal check relating to the process of compiling the financial statements or consolidated financial ~~statements~~.
3. Members of the audit committee ~~shall~~ exercise their powers with ~~professional~~ the due care of a prudent manager and observe secrecy ~~about in respect of~~ confidential information and ~~about~~ facts the disclosure of which to

third persons could cause the company any harm. The ~~secrecy~~confidentiality duty ~~shall continue even after termination of~~survives the appointment.

4. Members of the audit committee ~~shall~~ participate in the general meeting and they are ~~obliged~~obligated to present results of their activities to the general meeting.

Article 23

Number of the Audit Committee Members and ~~Article 23~~

Number of the Audit Committee Members and ~~Termination of~~ Their Term of Office

1. The audit committee ~~shall have~~has 5 members appointed and removed by the general meeting from among the supervisory board members or from among third persons. ~~Nor~~Neither members of the board of directors ~~neither nor~~ proxies may become ~~the~~ audit committee members. At least one member of the committee has to be independent from the company and has to have ~~minimum~~at least ~~three-year~~ years of practical experience in book-keeping or ~~obligatory audit. mandatory audits. Only a natural person may serve as a member of the audit committee.~~
2. The audit committee shall appoint their chairman and vice-chairman.
3. ~~Term~~The term of office of each audit committee member ~~shall be~~is four years.
4. The general meeting may elect up to three substitute audit committee members, setting forth the order of preference. Should a member of the audit committee ~~deceased~~die, resign, be recalled, or should his term of office be ~~otherwise~~ terminated, ~~the supervisory board shall elect a new member of the audit committee to the subsequent general meeting otherwise, the substitute audit committee member who is next in the order of preference is to replace the deceased, resigned or removed member; such audit committee member's term of office will terminate no later than five years after he/she is elected a substitute audit committee member, unless the law implies otherwise. The general meeting may change the order of preference of the already-elected substitute audit committee member.~~
5. A member of the audit committee may resign from his/her office ~~at any time~~ by virtue of a written statement delivered to the audit committee. ~~Each such resignation shall be discussed by the audit committee.~~ The office of such member of the audit committee ~~shall be terminated as of the date on which the audit committee discussed or was to discuss such notice of resignation. The audit committee shall be obligated to discuss such resignation at its subsequent meeting held after the delivery of such notice. If a member of the audit committee announces his/her resignation at the meeting of the audit committee, his/her office shall end~~terminates upon the ~~passing of two months after such announcement~~expiry of one month following the delivery thereof,

unless the audit committee approves a ~~different moment for expiry of the office~~termination date at the resigning member's request.

6. The office of a member of the audit committee ~~shall be terminated~~terminates upon the election of a new member of the audit committee by the next general meeting, ~~but no later than after three months following the passing of such member's term of office, save for pursuant to the provisions of Sections 4 and 5 of this article~~unless the general meeting decides otherwise.

Article 24

Audit Committee's Meetings and Decision-Making

- ~~1. 1.~~1. The audit committee constitutes a quorum if a simple majority of the votes of all its members. The audit committee shall constitute a quorum when a simple majority of its members~~members~~are attending. Each member of the present at its meeting. Each audit committee member has one vote. Any reference in this Article to a majority of all members or majority of votes of all members is understood to mean a majority of the number of audit committee~~shall have one vote~~members determined by the Articles of Association.
- ~~2. 2.~~2. The procedure of the audit committee shall be governed by the audit committee's rules of procedure adopted by the audit committee. The audit committee's rules of procedure shall be adopted or amended~~The audit committee decides~~by a simple majority of votes of all its members. If there is a tie, the audit committee chairman does not have a tie-breaking vote.
- ~~3.~~3. As a rule, the audit committee shall hold its meetings once in two months.
- ~~3.~~3. Meetings of the audit committee are subject to and governed by the audit committee's rules of procedure which especially apply to how meetings are convened, include measures against inaction, impose requirements for notices of meetings, delivery deadlines, background materials, attendance of other parties, the course of the meetings and other details. The audit committee adopts or modifies the rules of procedure by a two-thirds majority of votes of all its members.
- ~~4.~~4. In urgent matters permitting no delay, the chairman or vice-chairman in the chairman's absence may submit a per rollam voting to take place in writing or via technical devices. The draft resolution must be sent to all audit committee members. A resolution is deemed to have been adopted if at least two thirds of all audit committee members are present and a simple majority of all audit committee members have voted for its adoption. Other details of the per rollam voting may be set forth in the audit committee's rules of procedure.
- ~~5.~~5. Audit committee members generally attend audit committee meetings in person; however, an audit committee member may empower another audit committee member to vote on a particular matter should the audit committee member be absent. Where legitimate, an audit committee member's presence

at a board meeting, including voting, may take a different form (such as using voice or image transmission devices, telephone, telephone or video conferencing). Any individual so involved is presumed to be present at the meeting. Other details may be set forth in the audit committee's rules of procedure.

6. The audit committee may, at its own discretion, also invite members of other company bodies, company employees, or other persons to its meetings. Members of the company bodies and company employees are required to appear.

7. Audit committee meetings are held as necessary. The audit committee's rules of procedure may set forth the frequency of audit committee meetings.

VII. JOINT PROVISIONS ON THE ACTIVITIES OF THE BOARD OF DIRECTORS, THE SUPERVISORY BOARD AND AUDIT COMMITTEE

Article 25

**Conditions for Incumbency in Company's Bodies Serving as a Company Body Member,
Remuneration and of Company Body Members (Including Royalties for Company's Bodies' Members)**

1. Costs related to the organization of organizing meetings and to other activities of the board of directors, the supervisory board and the audit committee shall beare borne by the company.
2. Members of company's company bodies shall beare reimbursed by the company for costs purposefully expended thereby in connection with their incumbency serving as company directors/other body members and with their attendance at such bodies' meetings.
3. Members In addition to the other types of company's bodies shall be entitled to remuneration for their incumbency The directors and supervisory board shall decide on the remuneration for the members of the board of directors, and the general meeting shall decide on the remuneration for the members of the supervisory board and audit committee. This shall not affect the potential rights of members of these bodies have the right to remuneration and related benefits paid out in accordance with legal regulations on the basis of their legal employment relationships with the company.

- ~~4. Should a member of the board of directors perform activities that fall under business leadership in a legal employment relationship, they shall be entitled to a wage negotiated or determined in accordance with valid legal regulations.~~
- ~~5. In addition to the remuneration, members of the board of directors and of the supervisory board shall be entitled to receive a share in profit (royalties) under the condition that the company generates a profit. The approval of the royalties and their amounts shall be and the general meeting approves that royalties be paid. Approval of the royalties, the amount thereof and the method of distribution among directors and supervisory board members are decided by the general meeting in connection with its decision on profit distribution. If the general meeting approves that royalties be paid out but does not determine the distribution method thereof among directors and supervisory board members the following rule applies: every director's and supervisory board member's share will be determined on a *pro rata* basis depending on how long the particular director and supervisory board member serves on the board in the course of the relevant accounting period. Royalties cannot be granted to directors and supervisory board members in circumstances in which the law does not allow for the payment thereof.~~
64. The company may, in accordance with legal regulations, provide to members of the bodies other ~~emoluments, such emoluments to be paid pursuant to the rules for the provision of voluntary emoluments to members of the supervisory board, approved pursuant to Article 8 (1)(d) by the general meeting, based on rules for the provision of voluntary emoluments to members of the audit committee, approved pursuant to Article 8 (1)(d) by the board of directors, and based on rules for the provision of voluntary emoluments to members of the board of directors approved pursuant to Article 18 (5)(h) by the supervisory board~~ benefits in line with Section 61 of the Corporations Act.

VIII. ACTING AND SIGNING ~~FOR AND~~ ON BEHALF OF THE COMPANY

Article 26

Acting and Signing ~~for and~~ on Behalf of the Company

1. ~~The board of Two~~ directors ~~shall~~ act and sign jointly on behalf of the company, ~~through two directors jointly~~. They ~~shall~~ sign by appending/affixing their signatures to the written or printed ~~or typed business~~corporate name of the company.
- ~~2. Persons authorized by virtue of a written power of attorney granted by the board of directors shall also act and sign on behalf of the company. They shall sign by appending and indicate their signatures to the printed or typed business name title.~~
- ~~32.~~ The company's employees ~~shall~~ also act and sign on behalf of the company to the extent arising from organizational and signing rules and regulations of the company. They ~~shall~~ sign by appending/affixing their signatures to the written or printed ~~or typed business~~corporate name of the company, and also by printing legibly their names, surnames, title and ~~titles~~job title.
- ~~3.~~ Other parties which may act on behalf of the company are those who are authorized to do so by a written power of attorney granted by the board of directors and other company's representatives in line with the law. They sign by affixing their signatures to the written or printed corporate name of the company, and also by printing legibly their names, surnames, title or any other information on their authority to represent.

IX. COMPANY'S FINANCIAL MANAGEMENT

Article 27

Method of Profit Distribution and Loss Coverage

1. The net ~~profits shall be~~profit is distributed in particular for the following purposes:
 - a) 5% to the reserve fund of up to 20% of the company's registered capital;
 - b) to the company's other funds, if established;
 - c) for dividend ~~payment~~payments
 - d) for royalty payments to members of the board of directors and of the supervisory board;

e) the remaining part of profits ~~shall remain~~remains undistributed.

The above-specified order of priority is not binding on the company, except as far as the contribution to the reserve fund is concerned. A part of the net profits may - based on the approval by the general meeting - also be applied for ~~the an~~ increase in the registered capital. A part of the net profits may - based on the approval of the general meeting - also be applied for payment of shares pertaining to bonds pursuant to the provisions of the issuer's prospectus.

2. The company's own resources ~~shall~~will be applied to cover losses in the following sequence of priority:

~~a) undistributed profits from previous years;~~

~~ba) reserve fund~~

~~b) retained profit~~

~~c) other company funds apart from the reserve fund, if established, and if permitted to cover a loss~~

~~e) reserve fund;~~

d) registered capital.

3. The company ~~shall~~may not ~~be authorized to~~ distribute its profits or other resources among its shareholders if it results in the event company's going bankrupt or if, following the end of the most recent accounting period, its equity determined through an ordinary or extraordinary financial statement is lower than the company's registered capital statements or in the event equity after distribution of profits would result in is reduced under the equity being lower than amount of the company's company's subscribed registered capital increased by the subscribed nominal value of shares, provided that company's shares are subscribed for such increase in the registered capital, and in the event the increased registered capital has not yet been entered in the Commercial Register as of the date of the ordinary or extraordinary financial statements. The provisions of Section 65a of the Commercial Code shall remain unaffected by the provisions of this section. Further on, the company shall not be authorized to distribute that part of the reserve fund or such reserve funds that it may not utilize for payments distribute to shareholders pursuant to the provisions of the laws and these Articles of Association.

4. The amount determined for payment as a share in the company's profits ~~shall~~may not exceed the economic result of the ~~relevant~~most recent completed accounting period ~~reported in the financial statement and decreased~~reduced by the ~~obligatory~~mandatory contribution to the reserve fund and by the deferred unpaid loss and increased by the undistributed profits from previous years and by created profit funds that the company may use at its own discretion.

5. Unless the general meeting determines otherwise in line with the law, the fourth business day following the date of the general meeting which decides to distribute profit is the date decisive for raising the right to dividend.
6. The board of directors ~~shall be~~ is obligated to announce a decision of the general meeting on the date of dividend maturity, as well as the place, and method of payment thereof, in the manner set forth by law and these Articles of Association.

Article 28

Quarterly Results of Operations

1. Besides the annual financial statement, the board of directors ~~shall be obliged~~ is obligated to provide for drawing up ~~of~~ quarterly results of operations, providing the basic information on the current proprietary and financial situation of the company, efficiency of its financial management in the previous calendar quarter, and on the amounts of profits generated or ~~loss~~ losses incurred during such period of time.

Article 29

Reserve Fund and Other Funds

1. The company ~~shall create~~ creates a reserve fund.
2. ~~At the time of the company's foundation, a reserve fund of CZK 4,918,125,000 (to wit: four billion nine hundred eighteen million one hundred in circumstances and twenty-five thousand Czech crowns) was created. Such reserve fund shall be supplemented with the annual contribution from profits totalling to at least 5% of net profits each year, until its amount reaches the equivalent of 20% of the registered capital.~~
3. ~~The by methods prescribed by law; the company shall also be obligated to create a special reserve fund in cases set forth in Sections 161d and 161f of the Commercial Code. The procedure set forth under Section 161d (2) through to (4) of the Commercial Code shall be applied.~~
4. ~~The reserve fund may also be created as follows:~~
 - a) ~~by the general meeting's decision on increasing the registered capital together with the resolution on the increase in the registered capital through subscription of own stock as follows:~~
 - ~~by an extra charge added to the issue price of new shares, or~~
 - ~~by application of the difference (or part thereof) by which the value of the in-kind contribution exceeds the nominal value of shares to be issued to subscribers as consideration,~~

- b) ~~by the general meeting's decision on further voluntary creation of a reserve fund from the profits; the reserve fund thus created may reach the double of the company's registered capital,~~
- e) ~~by the board of directors' decision on the transfer of create reserve funds from other company's funds, unless they are purposefully bound; the reserve fund thus created may reach the double of the company's registered capital; in circumstances and by methods admitted by law.~~
- d) ~~by the general meeting's decision on the decrease of the registered capital for the purpose of transfer to the reserve fund for coverage of future losses under the terms and conditions set forth in Section 216a of the Commercial Code, provided that the amount transferred to the reserve fund shall not exceed 10% of the company's registered capital. Such reserve fund created may only be applied pursuant to the provisions of Section 216a of the Commercial Code.~~
52. The board of directors ~~shall decide on the application of~~decides on how to use the reserve fund, unless the general meeting has such decisions reserved for itself.
6. ~~3.~~ The company may also establish other funds. The ~~establishment of these other funds shall be decided by the~~ general meeting, ~~except for those cases in which the establishment of the given fund is obligatory as set forth by the body in charge of deciding whether to establish such other funds; the foregoing does not apply if the establishment of a particular fund is mandatory by virtue of~~ law. Should such funds be created or supplemented using the profits, the contributions to such funds ~~shall be~~are approved by the general meeting. The board of directors ~~shall decide~~decides on the manner of use of such funds according to the approved rules and regulations. Rules for ~~creation~~creating and ~~use of~~using such funds ~~shall be~~are approved by the board of directors based on ~~the~~a discussion of the same at a ~~meeting of the~~meeting supervisory board meeting.

X. CHANGES IN REGISTERED CAPITAL

Article 30 Increase in Registered Capital

1. The general meeting ~~shall decide~~decides on any increase ~~in or decrease of~~ the company's registered capital, or ~~the board of directors shall decide on the same pursuant to the provisions of the laws, in line with the law~~ and these Articles of Association, the board of directors.

2. The company's registered capital may be increased in all manners permissible pursuant to the provisions of Sections ~~202~~202474 through ~~to 210~~515 and ~~Section 216~~546 through 548 of the ~~Commercial Code~~Corporations Act.
3. ~~In its increase~~Every shareholder has a priority right to subscribe for a portion of new shares in a proportion to its shareholding in the registered capital, the company shall observe the provisions contained in Sections 202 through to 210 of the Commercial Code, while also observing the following rules:
 - a) ~~for the general meeting's decisions on the increase in the registered capital, at least two third majority of votes of all attending shareholders shall be required, unless the legal rules and regulations require a greater majority for certain decisions,~~
 - b) ~~in the notice of the general meeting, the requisites specified in Section 9 (5) shall be included as well as requisites specified in Section 202 (2) through to (4) of the Commercial Code,~~
 - e) ~~if the issue price of subscribed shares may is to be paid up through a monetary contribution; shares may only be subscribed for through in-kind contributions if this is in the best interest of the company,~~
 - d) ~~subscription of shares may not be commenced before the entry of the relevant resolution of the general meeting into the Commercial Register, unless an application for the entry of such resolution into the Commercial Register has been filed and the subscription of shares is subject to a condition subsequent, i.e., the legal effects of the decision on the rejection of such application for entry of the relevant resolution into the Commercial Register,~~
 - e) ~~shareholders'~~in cash. Shareholders' priority right to subscription of new shares ~~may only be excluded~~subscribe for shares which another shareholder did not subscribe for is eliminated in the third or restricted by virtue of a resolution of the general meeting due to company's significant interests,any other, if any, round of subscription.
 - f) ~~within 30 days following the general meeting's resolution on the increase in the registered capital, the board of directors shall file an application for the entry of such resolution into the Commercial Register,~~
 - g) ~~after the satisfaction of all conditions set forth by law, these Articles of Association, or a decision of the general meeting, the board of directors shall propose the entry of the new amount of the registered capital into the Commercial Register; the effects of such increase in the registered capital shall occur as of the date of such entry.~~
44. The rights and obligations attached to an unpaid share can be attached to an interim certificate.
5. If a subscriber fails to pay the issue price for the subscribed shares, it is required to pay late payment interest in the amount of 24% per year. This is without prejudice to the right to file a claim for payment of the issue price.

6. New shares issued ~~based on the decision~~ as a result of a general meeting's or board of directors' decision on subscription of shares ~~shall also have a share~~ are included in the economic results of previous years.
5. ~~If in the increase of the registered capital through the subscription of new shares, the transferability of which is not limited, the subscriber has paid up the issue price of shares, the company may issue share warrants prior to the entry of increase in the registered capital in the Commercial Register, if so decided by the general meeting.~~

Article 31

Increase in the Registered Capital by the Board of Directors

1. By virtue of a general meeting's resolution, the board of directors may be authorized under the terms and conditions set forth by law and these Articles of Association to decide on an increase in the registered capital through subscription of shares, conditional increase or using the company's own resources, save for undistributed profits, but always by ~~the maximum of up to~~ one-third ~~half~~ of the amount of the registered capital existing at the time when the general meeting charged the board of directors with such increase in the registered capital.
2. The authorization to increase the company's registered capital may be granted for ~~a maximum period of up to~~ as five years ~~as~~ of the date ~~of~~ the general meeting ~~that decided~~ resolved to grant the authority ~~to increase~~; the registered capital authorization may be granted several times.
3. The authorization must specify the nominal value, kind, form ~~class~~ and type of shares to be issued in order to increase the company's registered capital or information that they are to be issued as book-entered securities. The authorization must also specify which company body is to be in charge of deciding about the evaluation of the contribution in kind by means of an expert report. The board of directors may increase the company's registered capital repeatedly within the authorization, provided that the total amount of the increase does not exceed the limit set out in Section 1.

Article 32

~~Method of Share Issue Price Repayment and Consequences of Breach of Obligation to Timely Pay Up Subscribed Shares~~

1. ~~The issue price of the shares may be paid up based on the general meeting's decision both through monetary and in-kind contributions. If such in-kind contribution is:~~
 - a) ~~a movable item, the subscriber shall be obligated to submit the object of the contribution to the company and to provide for the acquisition of the~~

~~company's title to the paid up object of contribution prior to the filing of an application for entry of increase in the registered capital into the Commercial Register,~~

- ~~b) an immovable, prior to the filing of an application for the entry of the increase in the registered capital into the Commercial Register, the subscriber shall be obligated to submit to the company the object of his/her contribution and a written statement with officially certified signature and to provide for the company's acquisition of the title to such paid up object of contribution, provided that any potential application for entry into the real estate register shall be filed within 15 days following the entry of the increase in the registered capital into the Commercial Register.~~
- ~~2. For other in-kind contributions, each contribution shall be paid up through the execution of a written agreement on contribution. Should know-how constitute such in-kind contribution, documentation shall also be required for such contribution to be effective, wherein such know-how is described. Should a company or a part thereof constitute an in-kind contribution, submission of such company or a part thereof shall also be required for the provision thereof. The company and the contribution shall draw up a record on the submission of documentation describing the know-how as well as a record on the submission of the company or a part thereof.~~
- ~~3. Unless the title to the object of an in-kind contribution is transferred to the company although the in-kind contribution is deemed paid up, the person that had undertaken to provide such contribution shall be obligated to pay the value of the in-kind contribution in monies and the company shall be obligated to return the in-kind contribution it had accepted to such person, unless it is obligated to issue the same to the obligee. Should a shareholder transfer shares or interim certificates to another, the transferee of such shares or interim certificates shall be liable for the satisfaction of the obligation to pay up the value of the in-kind contribution in monies, unless acquisition within a regulated market is concerned.~~
- ~~4. In subscription of shares for the purpose of increasing the registered capital, the subscriber shall be obligated to pay up the entire share premium and that part of the nominal value (but at least 30% thereof) that has been stipulated by the authority in charge in its decision on the increase in the registered capital. The remaining amount shall be paid up on dates specified in such decision, but under all circumstances within one year. In-kind contributions shall be paid up in full prior to the filing of the application for the entry of the increase in the registered capital into the Commercial Register.~~
- ~~5. Should the subscriber fail to pay the issue price of subscribed shares or the due and payable part of such price, it shall be called upon by the board of directors to pay the same within 30 days. After the expiration in vain of such deadline, however, the board of directors shall exclude such subscriber from the company and shall apply the procedure set forth in Section 177 (4) of the Commercial Code, or the general meeting shall decrease the registered capital by deciding on the non-issue of shares.~~

- ~~6. In the event of a breach of the obligation to pay up the issue price of subscribed shares, the subscriber shall pay default interest at 24% a year. However, the right to file an action for the payment of the issue price shall remain unaffected thereby.~~
- ~~7. Shareholders cannot exercise their voting rights attached to their interim certificates in case they are in default with payment of the issue price of unpaid shares or a part thereof.~~

Article 32 **DecreaseReduction of Registered Capital**

- ~~1. DecreaseReduction of the registered capital shall be is subject to and governed pursuant to by the provisions of Sections 211516 through to 216c545 of the Commercial CodeCorporations Act, while decreasereduction of the registered capital through withdrawal of shares based on the shareholders' proposal shall be is permissible (pursuant to the provisions of Section 213c523(2) of the Commercial Code). Decrease of theCorporations Act). Moreover, registered capital through decrease of can be reduced by reducing the nominal value of shares and interim certificates and through thea decision not to issue shares shall also be permissible.~~
- ~~2. In decrease of the registered capital through withdrawal of shares based on a proposal, the following procedure shall be observed:~~
 - ~~a) should registered capital be decreased through withdrawal of shares based on a public draft agreement, a decision of the general meeting may determine that the registered capital shall be decreased to the extent of nominal values of shares to be so withdrawn, or that it shall be decreased by a specific fixed amount,~~
 - ~~b) the board of directors shall publish in the manner set forth for convocation of the general meeting the draft agreement pursuant to the provisions of Section 213c of the Commercial Code for the purpose of withdrawal of shares,~~
 - ~~c) the board of directors shall based on the authorization by the general meeting submit an application for the entry of the new amount of the registered capital into the Commercial Register to the extent to which the public draft agreement has been accepted by the shareholders,~~
 - ~~d) upon the entry of the amount of the registered capital into the Commercial Register, the board of directors shall without undue delay submit an order to the central securities depository to cancel the shares that the company had purchased pursuant to the provisions of the public draft agreement.~~
- ~~3. In the event of a decrease of the registered capital, the following rules shall also be observed:~~

- ~~a) the general meeting shall decide on the decrease of the registered capital, to which at least two-thirds majority of the votes of shareholders attending the relevant general meeting are required,~~
- ~~b) in the notice of the general meeting and in the invitation thereto, the requisites specified in Section 9 (5) shall be included as well as requisites specified in Section 211 (1) of the Commercial Code~~
- ~~c) within 30 days following the resolution of the general meeting, the board of directors shall file an application for the entry thereof into the Commercial Register,~~
- ~~d) the general meeting's resolution on the decrease of the registered capital shall be performed by the very same board of directors or by the board of directors through another person based on a contract,~~
- ~~e) within 30 days following the legal effects of the general meeting's decision on the decrease of the registered capital towards third parties, the board of directors shall be obligated to inform in writing the known creditors having receivables from the company arising prior to the effective date of such decision with respect to third parties of the amount of decrease of the registered capital and shall also request that such creditors apply their receivables; after its entry into the Commercial Register, the general meeting's decision on the decrease of the registered capital shall be published by the board of directors at least twice successively in at least thirty-day intervals and with a request for the creditors to apply their receivables,~~
- ~~f) the board of directors shall file an application for the entry of the decrease of the registered capital within the period specified in Section 216 of the Commercial Code,~~
- ~~g) the registered capital may not be decreased under the amount set forth in Section 162 (3) of the Commercial Code,~~
- ~~h) should the company be obligated to decrease the registered capital, it shall use the treasury stock or interim certificate for such purpose, provided that it owns any; also in other cases of decrease of the registered capital, the company shall use for the decrease of the registered capital in particular its treasury stock or interim certificate, while any other method may only be applied to decrease the registered capital in the event they are not sufficient for the decrease of the registered capital to the extent determined by the general meeting or should the purpose of the decrease of the registered capital not be complied with,~~
- ~~i) prior to the entry of the decrease of the registered capital into the Commercial Register and prior to the satisfaction or securing of the creditors' receivables pursuant to the provisions of Section 215 (2), or, as the case may be, Section 215 (4) of the Commercial Code, shareholders may not be provided any payments due to such decrease of the registered capital or forgiven or reduced any unpaid amounts of the nominal values of their shares as a result of such decrease of registered capital.~~

Article 34

Parallel Reduction of and Increase in the Registered Capital

1. ~~Subject to terms and conditions stipulated by law, the general meeting may concurrently decide on the reduction of and increase in the registered capital, if the purpose of the reduction is to conform the par value of the existing shares accepted for trading on a European regulated market or a similar foreign regulated market to their price on such a market in connection with increase in the registered capital through the subscription of new shares under public offering.~~
2. ~~In a resolution on the parallel reduction of and increase in the registered capital, the general meeting may determine the extent of the registered capital reduction by determining the method of calculation of the amount of reduction according to the issue price of new shares to be set later on. Such a determination method must clearly reveal by what amount the registered capital is to be reduced. In a resolution on the concurrent reduction of and increase in the registered capital, the general meeting shall commission the board of directors to promptly publish the amount of the registered capital reduction and the new par value of the company's shares corresponding thereto, with such publication to be performed in a manner stipulated by law and by these Articles of Association with respect to the convocation of a general meeting.~~

XI. FINAL PROVISIONS

Article 3533

Publishing, Notices, and Information

1. All facts that the company ~~shall be~~ is obligated to publish ~~shall will~~ be so published in the Commercial Bulletin (Obchodní věstník), unless the law sets forth otherwise.
2. All facts that the company ~~shall be~~ is obligated to publish ~~shall will~~ be published on the company's internet website and other locations designated by law or these Articles of Association.
3. The company publishes its annual report together with a report on related persons shall be published by the company pursuant to the provisions of special legal rules and regulations affiliated parties in line with the law. Should the company issue securities accepted for trading on a European regulated market ~~or a similar foreign regulated market~~, it ~~shall must~~ also ~~draw up~~ draft and publish a semi-annual report and shall is required to comply with all other obligations of the issuer set forth by a special act

Article 36

Procedure for Amendment of These Articles of Association

- ~~1. The general meeting shall decide on amendments of these Articles of Association as specified in Article 12.~~
- ~~2. Should amendments to these Articles of Association be included in the agenda of a general meeting, a notice of such general meeting shall at least characterize the basis of the proposed amendments and the draft amended Articles of Association shall be available to the shareholders for review in the company's registered office during the time period set forth by the law for convocation of the respective general meeting. Each shareholder may require sending of a copy of the draft amended Articles of Association at their own expense and risk. The shareholders shall be notified of such right in the notice of the general meeting.~~
- ~~3. Should a shareholder intend to submit counterproposals at a general meeting to the proposed amendments to these Articles of Association specified in the notice of the general meeting, he/she shall be obligated to deliver the written wording of such counterproposal to the company at least five business days prior to the date of the relevant general meeting. The board of directors shall be obligated to publish such counterproposal together with its opinion, if possible, at least three days prior to the notified date of the general meeting concerned.~~
- ~~4. After the approval of such amendments to these Articles of Association by the general meeting, the board of directors shall provide for drawing up of a complete new wording of the Articles of Association and shall submit the same to the relevant registry court. All amendments to the Articles of Association consisting of the increase in or decrease of the registered capital, split of shares, or consolidation of shares into one share, changes in the form and type of shares or restrictions on transferability of registered shares or changes therein shall enter into effect as of the date of entry of such facts into the Commercial Register. Other amendments and changes shall enter into effect at the time when decided on by the general meeting, unless it arises from the decision of the general meeting on amendments to the Articles of Association or from the law that such changes shall only enter into effect at a later date.~~