



PHILIP MORRIS ČR

Philip Morris ČR a.s.

THE ARTICLES OF ASSOCIATION OF THE COMPANY

AS AMENDED BY A RESOLUTION ADOPTED BY THE GENERAL MEETING HELD ON ~~30-25~~ APRIL
201~~0-4~~

Please note that the only authoritative version of this document is the version in the Czech language. The English version of this document has been prepared for information purposes only.

I. Basic Provisions.....	4
Article 1 General Provisions	4
Article 2 Business Name, Registered Office and Period of the Company's Existence	4
Article 3 Scope of Business	4
Article 4 Registered Share Capital	4
Article 5 Shares and Payment of the Share Issue Price	4
Article 6 Rights and Obligations of the Company's Shareholders	7 6
II. Company Organisation	8 7
Article 7 Company Bodies.....	8 7
A. General Meeting	8 7
Article 8 Position and Authority of the General Meeting	8 7
Article 9 Convening of the General Meeting	109
Article 10 Participation in the General Meeting	1314
Article 11 General Meeting Procedures and Decision-Making.....	1442
Article 12 Minutes of the General Meeting	1644
B. Board of Directors.....	1644
Article 13 Position and Powers of the Board of Directors	1644
Article 14 Composition of the Board of Directors, Term of Office, Meetings, and Decision-Making	1745
Article 15 Obligations of Members of the Board of Directors	1947
C. Supervisory Board	2148
Article 16 Position and Powers of the Supervisory Board	2148
Article 17 Composition of the Supervisory Board and the Terms <u>Term</u> of Office	2249
Article 18 <u>Meetings of the</u> Supervisory Board Meetings and Decision-Making	2320
D. Audit Committee.....	2424
Article 19 Position and Powers of the Audit Committee.....	2424
Article 20 Composition of the Audit Committee and the Terms <u>Term</u> of Office	2424
Article 21 <u>Meetings of the</u> Audit Committee Meetings and Decision-Making.....	2522
III. Economic Management of the Company	2623
Article 22 Records, Accounting, and Ordinary Financial Statements	2623
Article 23 Distribution of Profit and Coverage of Losses	2724

Article 24 Reserve Fund and Other Funds Created by the Company	IV. Registered Share Capital Increase	2824
IV. Article 24 Registered Share Capital Increase		2824
Article 25 Registered Share Capital Increase by Subscription for New Shares		2925
Article 26 Registered Share Capital Increase by Subscription for New Shares from the Company's Own Sources		3026
Article 27 Conditional Increase of the Registered Share Capital		3126
Article 28 Increase of the Registered Share Capital Increase from by the Company's Own Sources Board of Directors		3127
Article 29 Combined Increase of the V. Registered Share Capital Reduction		3227
Article 30 Increase of the 29 Registered Share Capital by the Board of Directors Reduction ..		3227
V. Article 30 Registered Share Capital Reduction by Reducing Nominal Value of Shares		3328
Article 31 Registered Share Capital Reduction by Refraining from Issue of Shares		3328
Article 32 Registered Share Capital Reduction by Reducing Nominal Value of Shares	VI. Amendments of the Articles of Association	3429
Article 33 Registered Share Capital Reduction by Refraining from Issue 32 Amendments of Share the Articles of Association		3429
VI. Amendments to the Articles of Association	VII. Winding-up and Termination of the Company's Existence	3429
Article 34 Amendments to 33 Winding-up of the Articles of Association Company		3429
VII. Winding-up and Termination Article 34 Liquidation of the Company's Existence Company		3530
Article 35 Winding-up Termination of the Company Company's Existence		3530
Article 36 Liquidation VIII. Acting on behalf of the Company		3530
Article 37 Termination 36 Acting and Signing on behalf of the Company's Existence Company		3530
VIII. Acting on the Company's Behalf	IX. Common and Final Provisions	3530
Article 38 Acting 37 Official Publication and Signing on the Company's Behalf Publication of Information		3530
IX. Common and Final Provisions	Article 38 Interpretation Provision	3530
Article 39 Official Publication and Publication of Information Subjection to the Business Corporations Act		3634
Article 40 Interpretation Provision		3526

I. Basic Provisions

Article 1 General Provisions

1. Philip Morris ČR a.s. (the "Company"), was founded in accordance with the founder's plan of ČSTP Kutná Hora, a state enterprise, with the consent of the Ministry of Agriculture of the Czech Republic dated 22 March 1991 and numbered 1619/91-510.
2. The Company has been registered in the Commercial Register kept with the Municipal Court in Prague, ~~part~~Section B, ~~insert No-Insert~~ 627, as a joint-stock company incorporated pursuant to Czech law.
3. No party received any special benefit in relation to the establishment of the Company.

Article 2 Business Name, Registered Office and Period of the Company's Existence

1. The Company's business name shall read: "Philip Morris ČR a.s."
2. The Company's registered office shall be at the address: Vítězná 1, 284 03 Kutná Hora.
3. The Company has been established for an indefinite period of time.
4. The Company has a website: <http://www.philipmorris.cz>, where it publishes invitations to the General Meetings and other information for its shareholders.

Article 3 Scope of Business

1. The Company's scope of business shall be:
 - (i) the processing of tobacco and manufacture of tobacco products; and
 - (ii) manufacture, trade and services not listed in Appendices 1 to 3 of the Trade Licensing Act.

Article 4 Registered Share Capital

1. The registered share capital of the Company shall amount to CZK 2,745,386,000 (in words: two billion seven hundred and forty-five million three hundred and eighty-six thousand Czech crowns).
2. The ~~R~~registered share capital of the Company has been fully paid up.
3. Increases and reductions in the registered share capital shall be ~~decided~~resolved on by the General Meeting or by the Company's Board of Directors in accordance with the relevant provisions of ~~the Commercial Code~~Act No. 90/2012 Coll., on Business Corporations and Cooperatives, as amended (the "Business Corporations Act"), and of these Articles of Association.

Article 5 Shares and Payment of the Share Issue Price

1. The Company's registered share capital has been divided up as follows:
 - a) 831,688 ordinary ~~certificated~~ registered shares with a nominal value of CZK 1,000 each, which are not registered for public trading on a European regulated market, with a total nominal value of CZK 831,688,000; these shares are securities; and

- b) 1,913,698 ordinary book-entered registered shares with a nominal value of CZK 1,000 each, which are registered for public trading on a European regulated market, with a total nominal value of CZK 1,913,698,000; these shares are book-entered securities.
2. The Company keeps a list of shareholders. For book-entered shares the list of shareholders is replaced by records of book-entered securities kept pursuant to a special legal regulation.
 3. ~~Unless provided otherwise by law, Only the rights attached to shares in the Company may only be exercised by persons recorded in the list of shareholders, unless are deemed to be the Company's shareholders holding shares. The Company shall record a new shareholder in the list of shareholders without undue delay after it is proved presented with proof that the list does not reflect the actual state of affairs. Should a record in the list there has been a change of shareholders not correspond to the actual state of affairs, a shareholder's rights may be exercised by the shareholder. It shall also be deemed that the person whose owner of a share in the Company. If account contains book-entered securities is the owner of the share in the Company book-entered securities. If a shareholder caused that it is not registered in the list of shareholders, or that a record in the list of shareholders does not correspond to the actual state of affairs, it may not require that seek the invalidity of a resolution of the General Meeting be declared invalid due to the fact that the Company did not allow it to take part in the General Meeting or to vote at such the General Meeting, on the basis of this fact.~~
 4. The list of shareholders of the Company shall indicate the class ~~and type~~ of the share, its nominal value, the ~~business name or name and address or~~ the registered office of the ~~legal person, or name and address of the natural person which is the Company's shareholder and shareholder~~, the number of ~~its bank account kept with an entity authorised to provide banking services in a country which is a valid member of the Organisation for Economic Co-operation and Development, designation of the share and changes in the above recorded information. The list of shareholders shall also contain information on any separation or transfer of a separately transferable right.~~ Upon the written request of a shareholder and at its expense, the Company shall ~~be obliged to provide such the~~ shareholder with a copy of the list of shareholders, ~~who are~~ owners of registered shares, or ~~the~~ required parts of the list ~~not later than seven days without undue delay after receiving the receipt of such request.~~
 5. The Company's shares ~~shall be~~ transferable in accordance with the relevant provisions of the Business Corporations Act, Act No. 543/1994/89/2012 Coll., the ~~Commercial~~ Civil Code, as amended (the "~~Commercial~~ Civil Code"), ~~the and~~ Act No. 594/1992/191/1950 Coll., the ~~Act on Securities and Bills of Exchange~~ Cheques Act, as amended (the "~~Act on Securities and Bills of Exchange~~ Cheques Act") and the Act No. 191/1950 Sb., the ~~Cheques Act (the "Cheques Act")~~. The transferability of the Company's shares is not restricted.
 6. The Company may issue shares as global shares (certificates) replacing the individual shares. The rights arising from a global share (certificate) cannot be divided into shares (podily) by transfer. An owner of a global share (certificate) is entitled to replacement of the global share (certificate) for individual shares or for other global shares (certificates) based on a written request addressed to the Board of Directors. The Company is obliged within two months after the delivery of the written request, to replace the global share (certificate) for individual shares or for other global shares (certificates). A global share (certificate) shall contain, in addition to the formalities under Section 259 and Section 260 of the Business Corporations Act, the formality under Section 262 of the Business Corporations Act, in particular information about how many shares and of what class it is to replace.
 7. ~~Under the conditions stipulated by the Business Corporations Act on Securities and by the Commercial Code, the following rights may be transferred separately: the right to a dividend share in profit, the priority right to subscribe for shares, and convertible and warrant priority bonds, and the right to a share in the liquidation balance otherwise attached to the share and other similar property rights specified by these Articles of Association.~~
 7. ~~A8. If a share may be~~ owned by more than one person. ~~Co, all these persons are co-owners of the share must agree which of them will exercise the rights attached and, in relation to the Company, the share or appoint a joint representative is administered by the administrator of the co-owned item. Mutual relationships between the co-owners of shares are governed, as appropriate, analogously by the provisions of the Civil Code regulating co-ownership.~~

9. ~~Unless stipulated otherwise, the procedure for increasing and reducing the registered share capital shall be governed by the relevant provisions of the Business Corporations Act No. 40/1964, the Civil Code, as amended (the "Civil Code") provisions on co-ownership.~~
8. ~~When increasing the registered share capital by subscription for new shares, the conditions and manner of share payment shall be stipulated by the General Meeting in accordance with the provisions of the Commercial Code Business Corporations Act and these Articles of Association.~~
910. ~~When subscribing for shares in connection with an increase in the registered share capital, the subscriber shall be obliged to pay a portion at least 30% of their nominal value stipulated by, unless a higher percentage is required in the resolution of the General Meeting, however, no less than 30% of such value on an increase of the registered share capital, and a share premium, if any, within the period stipulated by the General Meeting, otherwise the share subscription shall not take effect. The in the case of monetary contributions, and after all in-kind contributions have been made. The subscriber shall pay the remaining portion of the issue price of such share shall be paid by the subscriber these shares no later than six months after the registration of the registered capital increase in the Commercial Register. In-kind contributions must be paid prior to the filing of a proposal for the registration of the registered share registered capital increase in the Commercial Register. takes effect. Until the issue price of the shares is paid, the shareholder's rights and obligations relating to unpaid shares are represented by interim certificates issued by the Company without undue delay after the registered capital increase takes effect.~~
4011. ~~A subscriber who does not comply with its obligation to pay delays the payment of the issue price of the shares subscribed for by it, or a determined portion of such price within the period stipulated by the General Meeting, these Articles of Association or the Commercial Code Business Corporations Act, must annually pay 20% to the Company default interest on such due the amount. Should a subscriber fail to pay the issue price of the shares subscribed for by it or the determined portion of such price within due, which shall equal twice the period amount of the default interest stipulated by the General Meeting, these Articles of Association or the Commercial Code another applicable legal regulation. If a subscriber is in delay with respect to making a contribution or a part of it, the Board of Directors shall call on the subscriber, by sending it a registered letter, to pay it fulfil its obligation within 60 days of the receipt of such request. After the expiration of such period without the subscriber paying to no effect, the Board of Directors shall expel such subscriber the defaulting shareholder from the Company and shall call on it to return in respect of the shares in relation to which it failed to fulfil its obligation to make a contribution, and shall invite it to submit its interim certificate (if issued) within a reasonable period indicated set by the Board of Directors. Should the expelled subscriber fail to return the This shall not apply if the Board of Directors takes any other measure. If no interim certificate within the period indicated has been issued, the unpaid shares shall pass to the Company upon expiry of the aforesaid additional period to no effect. The expelled shareholder guarantees the payment of the issue price of the shares subscribed by it. Should the expelled shareholder fail to submit the interim certificate (if issued) within the specified period, the Board of Directors shall declare such the interim certificate invalid and shall inform the shareholder of this fact in writing. The Board of Directors shall notify the shareholders of its decision resolution in the manner prescribed by the Business Corporations Act and these Articles of Association for convening a General Meeting. A written notice in respect of such decision shall be sent to the subscriber and the decision shall be officially published, and shall simultaneously publish the resolution.~~
4112. ~~The Board of Directors Company shall issue a new interim certificate or shares replacing such invalid interim certificate shares to a person approved by the General Meeting who, provided that this person pays the issue price of such shares the shares; otherwise the Company shall reduce the registered share capital by the nominal or accounting value of the interim certificate or unpaid shares.~~
12. ~~Assets~~13. ~~Performance~~ obtained by the Company from the sale of a returned interim certificate or from the issue of a new interim certificate or shares in accordance with the above provisions shares shall be used as a consideration for the return of funds performance provided by the expelled subscriber for payment of the issue price of the shares subscribed for by the expelled subscriber following the set off of the Company's claims arising from shareholder for the payment of the issue price, and the Company shall pay such performance to the expelled shareholder without undue delay. The Company shall offset its receivables due from the expelled shareholder as a result of a breach by the shareholder of its obligations against such performance. The Company may also offset any reasonable expenses that it

incurs in relation to declaring the interim certificate invalid, while proving the amount of the offset receivable to the shareholder.

Article 6 Rights and Obligations of the Company's Shareholders

1. The rights and obligations of shareholders are set out by the legal regulations and by these Articles of Association.
2. A shareholder of the Company may be either a legal entity or ~~a natural person~~ an individual.
3. Any rightful shareholder of the Company shall be entitled to take part in the ~~Company's~~ management. ~~Such of the Company. This~~ right shall be exercised ~~on~~ in principal at the General Meeting and each shareholder must respect the rules of procedure ~~of~~ and voting at the General Meeting, provided that such rules are approved by the General Meeting.
4. A shareholder shall be entitled to take part in a General Meeting, and to vote at ~~such~~ the General Meeting. A shareholder is entitled to require and obtain from the Company explanations in respect of the Company's affairs and matters relating to parties controlled by the Company, should such explanation be necessary for the assessment of matters on the agenda of the General Meeting, ~~and to file proposals and counter-proposals, or for the exercise of shareholder's rights at the General Meeting.~~ The shareholder may file the request for explanation pursuant to the preceding sentence in writing. The request must be filed after the publication of the invitation to the General Meeting and before the date on which the General Meeting is to be held. A shareholder may file proposals and counterproposals in relation to the matters on the agenda of the General Meeting. The exercise of such rights is specified in detail in Articles 8, 9 and 10 of these Articles of Association.
5. The voting rights of a shareholder shall depend on the nominal value of its shares. Each share with a nominal value of CZK 1,000 (in words: one thousand Czech crowns) shall represent one vote at the General Meeting. ~~The number of votes in the Company totals 2,745,386 (in words: two million seven hundred and forty-five thousand three hundred and eighty-six).~~
6. Shareholders of the Company shall have the right to a share in the profit (dividends) ~~determined~~ approved by the General Meeting for distribution among shareholders based on the economic result, and each shareholder's share in the profit shall be determined based upon the proportion of the ~~nominal value of its shares to the nominal value of the shares of all the shareholders~~ shareholder's share to the Company's registered share capital. The decisive date for exercising the right to a dividend is the same as the decisive date for attendance of the General Meeting which ~~decides~~ resolves on such dividend payment. ~~The General Meeting may decide that a person that has been a shareholder as of a different date to the date of such General Meeting shall have the right to a dividend payment. However, such date may not precede the date of such General Meeting and may not follow after such dividend's due date.~~ The dividend shall be payable within ~~90 days~~ three months of the date of the adoption of the ~~General Meeting's~~ resolution of the General Meeting on profit distribution, unless the General Meeting ~~decides~~ resolves otherwise. The dividends shall not bear interest and those of them that are not collected within ~~4~~ three years of their due date shall be transferred to the ~~Company's obligatory reserve~~ Company's fund.⁴ of uncollected dividends.
7. Shareholders are not entitled to request that their contributions be returned during the existence of the Company or upon its winding-up. After the ~~Company's~~ winding-up of the Company with liquidation, shareholders shall be entitled to a share in the liquidation balance ~~and their share in the whereas such liquidation~~ balance shall ~~depend on~~ be divided among the shareholders in proportion ~~of~~ corresponding to the paid nominal value of their shares ~~to the nominal value.~~ The right to a share in the liquidation balance shall arise upon the return of the shares to the Company at the request of the other shareholders as of the date when, upon an order of a liquidator, the Company's. For book-entered shares, the right to a share in the liquidation balance shall arise to a shareholder on the day on which the shares are deleted

⁴-This wording shall be effective as of 1 January 2011.

from the Company's records of book-entered securities ~~kept pursuant to a special legal regulation based on the order of the liquidator.~~

8. The shareholder is obliged to pay the issue price and the share premium, if any, of the shares subscribed for by it in accordance with Article 5 of these Articles of Association.

II. Company Organisation

Article 7 Company Bodies

The Company has selected a dualistic internal structure system. The bodies of the Company shall be:

- a) the General Meeting;
- b) the Board of Directors;
- c) the Supervisory Board; and
- d) the Audit Committee.

A. General Meeting

Article 8 Position and Authority of the General Meeting

1. The General Meeting shall be the supreme body of the Company. It shall ~~decide~~resolve on all the Company's affairs placed under its authority by these Articles of Association or by generally binding legal regulations.
2. The General Meeting shall have the authority to:
 - (a) ~~decide~~resolve on any changes to the Articles of Association, except for changes which are the consequence of an increase in the registered share capital by the authorised Board of Directors ~~in accordance with Section 210 of the Commercial Code~~, or a change arising as a result of other legal facts;
 - (b) ~~decide~~resolve on ~~increases or reduces in any changes to the amount of~~ the registered share capital, or on the authorisation of the Board of Directors ~~in accordance with Section 210 of the Commercial Code or to increase the registered share capital~~;
 - resolve on the possibility of setting-off a receivable from the Company against a receivable of the Company regarding payment of the issue price;
 - ~~(e) — decided~~ resolve on the issue of convertible or priority bonds ~~in accordance with Section 160 of the Commercial Code~~;
 - ~~(d) — decide~~ (e) elect and recall members of the Board of Directors;
 - elect and recall members of the Supervisory Board;
 - approve the ordinary, extraordinary or consolidated financial statements and, where any other legal regulation so stipulates, also interim financial statements;
 - resolve on the distribution of profit or other funds of the Company or on the payment of a loss;
 - resolve on filing any application for the acceptance of participating securities of the Company for trading on a European regulated market or for withdrawal of these securities from trading on a European regulated market;
 - resolve to wind up the Company with liquidation~~;~~

- (k) ~~appoint and recall a liquidator and determine; approve~~ the amount agreement on performance of such liquidator's remuneration, and liquidator office;
- (l) approve a proposal for the distribution of the liquidation balance;
- (e) ~~decidem)~~ approve any transfer or pledge of an enterprise or such a part of the enterprise that would mean a material change to the current structure of the enterprise or a material change to the scope of business or activities of the Company;
- (n) resolve on the assumption of the effect of actions performed on behalf of the Company before its establishment;
- (o) approve any agreement on silent partnership, including any amendments thereof and its cancellation;
- (p) resolve on a merger, transfer of assets and liabilities to a single shareholder or de-merger, or a change in the Company's legal form;
- (f) ~~elect and recall members of the Board of Directors;~~
- (g) ~~elect and recall members of the Supervisory Board, except for the members elected and recalled by the Company's employees;~~
- (hg) appoint and recall members of the Audit Committee;
- (i) ~~decider)~~ resolve on the approval of the agreements on performance of ~~the~~ office of members of the Board of Directors, the Supervisory Board and the Audit Committee, and on their remuneration or the provision of any other benefits to which they are not entitled on the basis of a legal regulation or the agreement on performance of ~~an office~~ office approved by the General Meeting or on the basis of an internal regulation approved by the General Meeting;
- (j) ~~decide on the listing of the participation securities of the Company in accordance with a special legal regulation and on their withdrawal from trading on the Czech or a foreign regulated market;~~
- (k) ~~approve contracts specified in Section 67a of the Commercial Code;~~
- (l) ~~approve any actions taken on the Company's behalf prior to the incorporation of the Company under Section 64 of the Commercial Code;~~
- (m) ~~approve control agreements, agreements on profit transfer, and agreements on silent partnership and changes thereto;~~
- (n) ~~establish non-obligatory Company funds and set out the procedure for their creation and drawing;~~
- (e) ~~decide(s)~~ resolve on changes in the rights attached to ~~individual classes~~ a certain class of shares;
- (p) ~~decidet)~~ resolve on changes in the class, and type ~~and form~~ of shares;
- (q) ~~decideu)~~ resolve on share splitting or the merger of a number of shares into one share;
- (r) ~~decidev)~~ resolve on the restriction of share transferability or any change thereto;
- (s) ~~decidex)~~ resolve on the acquisition by the Company of its own shares in accordance with ~~Section 161a of the Commercial Code~~ the applicable legal rules;
- (t) ~~decidex)~~ resolve on the appointment of an auditor of the Company;
- (u) ~~approve the Company's ordinary and extraordinary financial statements and consolidated financial statements and, when so provided by law, the interim financial statements, and to decide on the distribution of profit or other own sources of the Company or the determination of emoluments or the settlement of losses; and~~
- (v) ~~decidey)~~ resolve on any other matters ~~stipulated by which the~~ law or these Articles of Association place under the authority of the General Meeting.

3. The General Meeting may not reserve the right to ~~decide~~resolve on certain ~~issues~~matters that are not placed under its authority by law or these Articles of Association.

Article 9

Convening of the General Meeting

1. The General Meeting shall be convened by the Board of Directors at least once ~~a year~~per accounting period, usually at the Company's registered office or at such other place indicated by the Board of Directors in the invitation to the General Meeting, ~~no later than six months after the last day of the accounting period.~~
2. The Board of Directors shall convene ~~an extraordinary~~a General Meeting:
 - ~~(a)~~ (a) at any time it deems necessary in view of the Company's interests; or for any other good reason;
or
 - ~~(b)~~ (b) upon a written request of a shareholder or shareholders ~~who has/have holding~~ shares with a total nominal value of or such a number of shares corresponding to at least ~~31~~31% of the Company's registered share capital in order to discuss the matters proposed by such shareholder(s)), provided that each of the matters proposed includes the reasoning or a proposal for a resolution; or
 - ~~(c)~~ (c) if it learns that the Company's total loss on the basis of any financial statements ~~is has reached~~ an amount which if covered by the Company's available sources would result in an uncovered loss amounting to one half of the Company's registered share capital, or if ~~such this~~ result may be expected in view of all the circumstances, ~~or and in particular~~ if it learns that the Company has become insolvent (in Czech: *v úpadku*).
3. ~~An extraordinary General Meeting can also be convened by the Supervisory Board if it is in the Company's interests. The Supervisory Board shall convene an extraordinary General Meeting in the same manner as the Board of Directors of the Company. The General Meeting shall be convened by the Supervisory Board if the Company does not have any Board of Directors elected or if the Board of Directors does not fulfil its obligations on a long-term basis and if the General Meeting is not even convened by a member of the Board of Directors. The Supervisory Board may also convene the General Meeting if the Company's interests so require, in which case the Supervisory Board will propose necessary measures. If the Supervisory Board does not convene the General Meeting, it may be convened by any member of the Supervisory Board. The Supervisory Board is, as the body convening the General Meeting, bound in the same way as the Board of Directors by rules for the convocation of the General Meeting (Sections 405 to 411 of the Business Corporations Act).~~
4. ~~The General Meeting shall be convened by the Board of Directors, which has to publish such invitation by sending an invitation to each shareholder's registered office or address, as recorded in the list of shareholders, at least 30 days prior to the General Meeting.~~
4. The Board of Directors shall convene the General Meeting by publishing an invitation to the General Meeting on the website of the Company at least 30 days prior to the General Meeting and sending it at the same time to each shareholder holding registered shares or book-entered shares, to each such shareholder's registered office or address as recorded in the list of shareholders or in the records of book-entered securities. The invitation must remain published on the Company's website until the date of the General Meeting. A shareholder may choose to have invitations to the General Meetings delivered in electronic form to an e-mail address that it notifies to the Company no later than on 31 December of the relevant year before the respective General Meeting is to be held by means of (i) a written notice sent to the registered office of the Company or (ii) an e-mail sent by the shareholder to the Company's e-mail address philipmorris.cz@pmi.com or (iii) from 1 January 2015 through a web application accessible to the shareholders on the website of the Company <http://www.philipmorris.cz>. In such a case, the Company will only send the invitations to the following General Meetings to the shareholder electronically to the notified e-mail address. If the shareholder no longer wishes to receive the invitations to the following General Meetings only electronically to the notified e-mail address, the shareholder shall notify it to the Company in writing or electronically (in a same manner specified above in this paragraph) no later than on 31 December of the relevant year before the respective General Meeting. If the

shareholder causes that the e-mail address, which it notified to the Company for the purposes of receiving the invitation for the General Meeting, does not correspond to the actual state of affairs or that such e-mail address was cancelled in the meantime and the shareholder did not notify a new e-mail address to the Company, the shareholder may not seek the invalidity of a resolution of the General Meeting due to the fact that the Company did not allow it to take part in the General Meeting or to vote at the General Meeting on the basis of this fact.

The condition of a 30-day period does not need ~~notto~~ be observed in the following instances:

- a) _____ convening of a substitute General Meeting;
- b) _____ convening of ~~an extraordinary~~ General Meeting on the basis of a request of shareholders under Article 9 (2) of these Articles of Association.

In the above cases, a period as stipulated by law shall apply.

5. The invitation to the General Meeting must include:

- a) the business name and registered office of the Company;
- b) the place, date and time of the General Meeting;
- c) information about whether an ordinary or ~~extraordinary~~ substitute General Meeting is being convened;
- ~~the General Meeting's agenda;~~
- d) the agenda of the General Meeting, including any person nominated to hold the office of a member of any of the Company bodies (if any);
- e) a decisive day for attending the General Meeting, if one has been determined, and an explanation of its significance for voting at the General Meeting;
- ~~the essentials stipulated in Section 202 and Section 212 of the Commercial Code if the General Meeting's agenda includes an increase or reduction of the Company's registered share capital;~~
- f) draft resolutions of the General Meeting and their reasoning;
- g) the essentials stipulated in Section 120a of Act No. 256/2004 Coll., on Business Activities on the Capital Market, as amended (the "**Act on Business Activities on the Capital Market**"); and
- h) other essentials stipulated by law ~~for special cases, or by,~~ these Article of Association or ~~by the resolution of the any~~ previous resolutions of the General Meeting.

~~6. If 6. _____~~ If no draft resolution pursuant to paragraph 5(f) of this Article is submitted, the invitation to the General Meeting's Meeting shall contain the opinion of the Board of Directors of the Company on each item of the agenda proposed; at the same time, the Company will publish on its website draft resolutions of the General Meeting as prepared by the shareholders without undue delay after receiving them.

~~7. If the agenda of the General Meeting includes any changes to amendments of the Company's Articles of Association, the invitation to such General Meeting must include specification of the substance of such proposed changes, and draft changes of the Company, the Company will allow each shareholder to view the draft amendments of the Articles of Association must be available at the Company's at its registered office for shareholders free of charge within the time limit specified in the invitation to inspect for the whole period stipulated for the convening of such the General Meeting. A shareholder may request that a copy of the draft Articles of Association be sent to it at its own expense and risk. Shareholders must be informed of such these rights in the invitation to such the General Meeting.~~

~~7. The explanation under Article 6 (4)8. _____~~ The explanation under Article 6 (4) above regarding matters relating to the relevant General Meeting will be provided by the Company to the shareholders directly at the General Meeting. If this is not possible due to the complexity of the explanation, the Company will provide the explanation to all shareholders within 15 days after the date of the General Meeting, even if this is no longer necessary for the consideration of actions of the General Meeting or for the exercise of

shareholders' rights at the General Meeting, by publishing it on the website of the Company. The information contained in the explanation must be clear and must provide a sufficient and true view of the enquiry concerned. The explanation above may be provided in the form of a summary statement on several similar issues. It shall be deemed that shareholders have been provided with the explanation even if ~~such explanation to individual points on the General Meeting's agenda~~ the information is published on the Company's website no later than on the day preceding the date of the General Meeting and is available to the shareholders for inspection/viewing at the place where the General Meeting ~~will~~ is to take place. If the information is provided to a shareholder, any other shareholder is entitled to request this information even without adhering to the procedure pursuant to Section 357 of the Business Corporations Act.

- ~~8. If, at the General Meeting, a~~ 9. Any shareholder intends ~~is entitled~~ to file ~~counter-proposals to the proposals whose contents are specified in the invitation to the General Meeting, or if the decisions and counterproposals regarding any matters included in the agenda of the General Meeting must be recorded in the form.~~ If a shareholder intends to file a counterproposal to any matter on the agenda of notarial deeds, it shall be obliged to the General Meeting, such shareholder will deliver its proposal or counter-proposal ~~it~~ to the Company within a reasonable time limit prior to the Company in writing no less than five days before the date of the General Meeting which will be determine in an invitation to the respective General Meeting. ~~This shall not apply in the case of proposals for the election of specific~~ certain persons ~~as to become~~ members of the Company's bodies. The provisions of Section 369 (2) of the Business Corporations Act shall apply analogously.
- ~~10. The Board of Directors shall be obliged to publish its counter-proposals together with the Board's opinion, if possible, no less than three days before the announced date of the General Meeting inform the shareholders of the relevant shareholder's counterproposal in the manner stipulated by the Business Corporations Act and these Articles of Association regarding the convocation of the General Meeting, and shall publish the counterproposal together with its opinion. This shall not apply if the information is delivered less than two days before the date of the General Meeting, or if the costs related to such information are in gross disproportion to the meaning and content of the counterproposal, or if the counterproposal contains more than 100 words. If the counterproposal contains more than 100 words, the Board of Directors shall inform the shareholders of the substance of the counterproposal and of its opinion, and shall publish the counterproposal on the website of the Company.~~
- ~~9~~ 11. A shareholder may file its proposals in relation to the ~~points~~ matters which are to be included in the agenda of the General Meeting ~~'s agenda~~ Meeting also before the invitation to the General Meeting is published. The Board of Directors ~~will~~ shall publish ~~such proposals, which must be any proposal~~ delivered to the Company at least ~~7~~ seven days before the invitation to the General Meeting is published, ~~and its opinion on it~~ along with the invitation to the General Meeting. Paragraph ~~7~~ 10 of this Article applies ~~in a similar way~~ analogously to any proposals delivered after this time limit.
- ~~10. The General Meeting may be cancelled or postponed until a later date. When cancelling or postponing the General Meeting until a later date, the relevant provisions of the Commercial Code must be observed.~~
- ~~11.~~ 12. The General Meeting may be cancelled or postponed until a later date. The Company shall inform the shareholders of the cancellation or postponement of the General Meeting in the manner stipulated by law and these Articles of Association regarding the convocation of the General Meeting at least one week before the originally announced date of the General Meeting; otherwise it will pay to the shareholders who appeared at the General Meeting according to the original invitation the related reasonably expended costs. If the General Meeting was convened on the basis of a request of the shareholders described in Article 9(2), the General Meeting can only be cancelled or postponed if these shareholders agree with it.
- ~~13.~~ 13. A substitute General Meeting shall be convened by the Board of Directors by a new invitation, which does not have to contain reasonable information about the substance of the individual matters included in the agenda of the General Meeting pursuant to paragraph 5(d) of this Article above, in the manner specified in this Article; however, the period specified therein shall be reduced to 15 days. ~~The~~ The invitation to the substitute General Meeting shall be sent to the shareholders no later than 15 days after the date for which the original General Meeting was convened, and the substitute General Meeting shall be held within six weeks of the day of the original General Meeting and its. Its agenda must be

unchanged. The substitute General Meeting shall be quorate regardless of the number of the shareholders present and the nominal value of their shares. Resolutions on matters that were not included in the proposed agenda of the original General Meeting may only be adopted at the substitute General Meeting if all shareholders agree with it.

14. A General Meeting that was not convened duly and on time can only be held if all shareholders of the Company agree with it. Each shareholder must provide their consent in writing with their officially verified signature on it or verbally at the General Meeting so convened. Any consent granted at the General Meeting shall be recorded in the minutes of the General Meeting. If a resolution of a General Meeting is certified by a public deed, the declaration on the granting of the consent shall be specified in the public deed.

Article 10

Participation in the General Meeting

1. Every A shareholder shall be entitled to attend the General Meeting and vote there either in person or through a proxy. In the case of the Company's book-entered shares, shareholders (or their proxies) registered in the records of book-entered securities of the Company kept pursuant to a special legal regulation, as at the decisive date for attendance of the General Meeting ~~which is the seventh day prior to the General Meeting (the "Decisive Date")~~, shall be entitled to attend the General Meeting and exercise their shareholder's rights there, i.e. also to vote there. If the Company's shares are registered for public trading on a European regulated market, the decisive date for attendance of the General Meeting is the seventh day prior to the General Meeting (the "Decisive Date"). In the case of the Company's ~~certificated~~ shares, (securities), shareholders registered in the list of shareholders of the Company as at the Decisive Date (or their proxies) shall be entitled to attend the General Meeting and exercise their shareholder's rights there, i.e. also to vote there, unless it is proved that such registration as at this date does not correspond to the actual state of affairs. The Company is obliged to obtain a statement from the records of book-entered securities as at the Decisive Date by the date of the General Meeting.
2. In order to participate in the General Meeting and in its discussions, a shareholder's proxy must have a power of attorney with an officially verified signature of a person who is a Company shareholder as at the Decisive Date, and it must be clear from this power of attorney whether this power of attorney has only been granted for one General Meeting or whether it has been granted for several General Meetings during. If a certain period. Powers special form is required for adopting a resolution of the General Meeting, the power of attorney must also be delivered to the Company issued in the same form. A shareholder's proxy shall inform the shareholder, sufficiently in advance before the opening of the General Meeting. The members date of the Company's bodies may receive authorisation from a shareholder to represent such shareholder at the General Meeting only if they publish, along with the invitation to the General Meeting, of any and all facts that could be significant for the shareholder's assessment of whether there may be a potential conflict between the shareholder's interests and the proxy's interests. If a shareholder acts on the account of another person in respect of certain shares, such shareholder may exercise the voting rights attached to these shares in a different manner.
3. It is assumed that the person registered in the register of investment instruments or in the records of book-entered securities as an administrator and/or a person entitled to exercise the rights attached to a share in the Company may represent the shareholder in exercising all the rights attached to the Company's shares registered in the relevant account, including participation in and voting at the General Meeting. Such. Instead of a power of attorney, this person must prove his/her/their identity by producing a statement from the register of investment instruments or a statement from the records of book-entered securities (shares); this is not necessary if the Company is obliged to obtain obtains a statement by itself from the relevant such register of investment instruments or records of book-entered securities for the purposes of exercising the rights attached to the shares.
4. Each share with a nominal value of CZK 1,000 shall represent one vote. A shareholder may not exercise its voting rights in the cases stipulated by law. Voting shall be effected by a show of hands, unless the General Meeting approves otherwise. Voting is done by ballot, in which case shareholders will receive the ballots when registering in the attendance list, or by any other suitable manner allowing electronic

voting. The General Meeting shall resolve whether voting shall be done by ballot or electronically. The General Meeting shall first vote on proposals submitted by the Board of Directors or the Supervisory Board. If such proposals are not submitted or adopted, shareholders' (counter-)proposals are voted on.

5. Shareholders attending the General Meeting shall sign the attendance list provided by the Board of Directors, which shall include the shareholder's name and surname or the name or business name and registered office or address of such shareholder and the name and surname, birth identification number and address or registered office of a person acting on its behalf (if it concerns a legal entity), or a ~~person representing proxy of~~ such shareholder, and the numbers of ~~certificated~~ shares and the nominal value of shares entitling the shareholder to vote, or information that the share does not entitle the shareholder to vote. Should a certain person be rejected for registration in the attendance list, this fact and the reason for the rejection shall be recorded in the attendance list. Powers of attorney of shareholder's proxies shall be attached to the attendance list and its accuracy shall be confirmed by ~~signatures of the chairperson~~ signature of the person convening the General Meeting ~~and a minutes clerk (in Czech svolavatel valné hromady) or a person appointed by it.~~
6. Members of the Board of Directors ~~and the Supervisory Board~~ shall ~~have the right to always~~ attend the General Meeting. Members of the Supervisory Board attend the General Meeting and the member authorised by the Supervisory Board shall report to the General Meeting on the results of the activities of the Supervisory Board. A member of the Board of Directors and a member of the Supervisory Board must be permitted to take the floor whenever they request this. An auditor may be invited to a relevant part of the General Meeting, so that it may inform the shareholders of its findings, especially at General Meetings approving the Company's financial statements and annual report. Other persons invited by the Board of Directors may also participate in General Meetings as guests, unless the shareholders resolve by the majority of votes specified under Article 11 (4) to exclude ~~such persons~~ them from the General Meeting. The General Meeting shall also be attended by persons ~~technically~~ providing ~~for~~ the technical running of the General Meeting.

Article 11

General Meeting Procedures and Decision-Making

1. The General Meeting shall be opened by the person convening the General Meeting or a person appointed by it and shall be presided over by this person until the election of a chairperson or an authorised member of the Board of Directors, or a ~~The same applies if a~~ chairperson of the General Meeting appointed by the court if is not elected. If the General Meeting is convened by shareholders a body, this body must authorise one of its members (or resolve to authorise another person) to preside over the General Meeting until the chairperson is elected or, as specified in Article 9(2) the case may be, if no chairperson of these Articles of Association on the basis of authorisation by a court the General Meeting is elected. The task of the ~~chairperson or an authorised member of the Board of Directors~~ person convening the General Meeting or the person appointed by it is to ensure that the General Meeting elects a chairperson of the General Meeting, a minutes clerk, ~~two verifiers of the minutes and persons charged with counting the votes. one or more verifiers of the minutes and a person or persons charged with counting the votes.~~ If no minutes clerk, verifier of the minutes or person charged with counting the votes is elected, the person convening the General Meeting shall appoint them. The General Meeting may also resolve that a single person may act as both the chairperson of the General Meeting and the verifier of the minutes. The General Meeting may resolve that the chairperson of the General Meeting shall also count the votes, provided that this does not endanger the due course of the General Meeting.
2. The chairperson of the General Meeting may also be determined by the court (Section 368 of the Business Corporations Act) if the General Meeting is convened by the shareholders specified in Article 9 (2) of these Articles of Association on the basis of a court authorisation. Following the election of the chairperson, the General Meeting shall be conducted by its new chairperson.
23. The General Meeting shall be quorate, if attended by shareholders holding shares ~~with a~~ cumulative whose nominal value ~~which~~ or number exceeds 30% of the Company's registered share capital.

- ~~34.~~ The General Meeting shall adopt its ~~decisions~~ resolutions by a simple majority of votes of the shareholders present, unless required otherwise by the ~~Commercial Code~~ Business Corporations Act or by these Articles of Association.
- ~~4.~~ ~~The issues mentioned in 5. In order for the General Meeting to adopt a resolution under Section 8 (2) (a), (b), (c) and (k)m) or on an amendment of these Articles of Association, the Company's a resolution as a consequence of which the Articles of Association are amended, a resolution on the authorisation of the Board of Directors to increase the registered share capital, a resolution on the possibility of offsetting a shareholder's receivable due from the Company against a receivable of the Company in respect of the payment of the issue price of shares, a resolution to issue convertible or priority bonds, a resolution on the winding-up of the Company with liquidation and a proposal for resolution on the distribution of the liquidation balance shall be decided on by the General Meeting by, the approval of~~ at least a two-thirds majority of votes of the shareholders present is required.
- ~~5-6.~~ The adoption by the General Meeting of a resolution under Section 8 (2) (m) and on a change of the registered share capital also requires the approval of at least a two-thirds majority of votes of the shareholders present for each class of shares, whose rights are to be affected by such resolution.
- ~~7.~~ In order for the General Meeting to adopt a ~~decision~~ resolution on a change in the classes and types of shares, on a change of the rights attached to a certain class of shares, on the restriction of transferability of the registered or book-entered shares, or on the withdrawal of ~~shares~~ participating securities from trading on ~~the Czech or a foreign~~ European regulated market, the approval of at least three quarters of the votes of the attending shareholders holding such shares shall be required.
- ~~68.~~ A ~~decision~~ resolution on the exclusion or restriction of the priority right to the acquisition of convertible ~~and warrantor priority~~ bonds, on the possibility of distribution of profit to persons other than the shareholders under Section 34 (1) of the Business Corporations Act, on the exclusion or restriction of the priority right ~~to of a shareholder during an increase of the registered share capital by~~ subscription for new shares, ~~on the approval of a control agreement, on the approval of an agreement on profit transfer and changes thereto, or and~~ on the increase in the registered share capital by in-kind contributions ~~shall be adopted by~~ requires the General Meeting by approval of at least three quarters of votes of the shareholders present. If the Company has issued various classes of shares, the aforesaid resolutions require the approval of at least three quarters of votes of the shareholders present for each class of shares, unless the rights of the shareholders holding shares of such classes remain unaffected by these resolutions.
- ~~79.~~ In order for the General Meeting to adopt a ~~decision~~ resolution on the merger of shares, the approval of all shareholders whose shares are to be merged shall be required.
- ~~810.~~ The resolutions of the General Meeting's decisions Meeting on merger, transfer of business assets to one shareholder, de-merger or on the conversion of the legal form of the Company must be approved by at least three quarters of the votes of shareholders present, unless stipulated otherwise by law.
- ~~9.~~ ~~A notarial deed shall be prepared in respect of decisions~~ 11. Resolutions of the General Meeting on matters under paragraph 4 to 8. The notarial deed in respect ~~5 of the change~~ this Article and on other matters which take effect upon their registration in the Articles of Association ~~Commercial Register must be certified by a public deed. The public deed must also include the approved wording of the amended Articles of Association- (if amended).~~
- ~~1012.~~ A shareholder does not have to exercise the voting rights attached to all of its shares in the same manner; this also applies to a shareholder's proxy.
- ~~1113.~~ Issues not included in the ~~proposed~~ agenda of the General Meeting may only be ~~decided and discussed and resolved on at such General Meeting~~ if all shareholders of the Company ~~are present and agree to it.~~
- ~~14.~~ The course of the General Meeting may be governed by the rules of procedure and voting approved by the General Meeting.

Article 12
Minutes of the General Meeting

1. Minutes of the General Meeting shall be ~~provided for~~prepared by the ~~Company's Board of Directors~~minutes clerk within ~~30~~15 days of its conclusion.
2. The minutes of the General Meeting shall include:
 - a) the Company's business name and registered office;
 - b) the place and time of the General Meeting;
 - c) the name of the General Meeting's chairperson, minutes clerk, verifiers of the minutes and ~~persons~~person(s) charged with vote counting;
 - d) a description of the discussion of individual ~~issues~~matters on the agenda of the General ~~Meeting's~~Meeting;
 - e) the resolutions of the General ~~Meeting's decisions~~Meeting and a record of voting results;
 - f) the content of the protest of a shareholder, member of the Board of Directors or of the Supervisory Board concerning a resolution of the General Meeting, if so requested by ~~a~~the protesting person; and
 - g) other essentials, if stipulated by law for exceptional cases.
3. ~~Proposals~~Submitted proposals and declarations ~~submitted to the General Meeting for discussion~~ and the attendance list shall be attached to the minutes.
34. The minutes shall be signed by the minutes clerk, by the chairperson of the General Meeting or by the person convening the General Meeting and by the minutes ~~verifiers~~verifier(s).
45. The minutes of General Meetings, invitations to the General Meetings, as well as attendance lists shall be kept in the Company's archives for the whole period of the Company's existence.

B. Board of Directors

Article 13
Position and Powers of the Board of Directors

1. The Board of Directors ~~of the Company~~ is the ~~Company's~~ statutory body ~~of the Company~~. It manages the Company's business and acts on the Company's behalf in the manner specified in Article ~~38~~36 of these Articles of Association.
2. The Board of Directors ~~shall decide on~~has all ~~Company matters, unless the Commercial Code or powers which~~ these Articles of Association, the legal regulations or a decision of a public authority does not reserve such decisions to the General Meeting or another body of the Supervisory BoardCompany. The Board of Directors is in charge of the Company's business management.
3. The Board of Directors shall be authorised, in particular, to:
 - a) convene the General Meeting under the conditions stipulated by law and execute its ~~de~~resolutions;
 - b) submit to the General Meeting for approval:
 - (i) at least once a year a report on the Company's business activities, on the state of its assets, and on its business policy, which must be prepared within four months of the end of the relevant accounting period;
 - (ii) ~~ordinary financial statements~~, extraordinary and consolidated financial statements, and ~~or~~ interim financial statements;

- (iii) proposals for the distribution of profit, including determination of the amount and manner of payment of dividends and ~~emoluments, royalties~~ (in Czech *tantiéma*), and proposals for coverage of losses;
 - (iv) proposals for the increase or reduction of the registered share capital;
 - (v) information on the purchase of the Company's own shares under Section ~~464a~~304 (2) of the ~~Commercial Code~~Business Corporations Act;
 - (vi) proposals for the issue of bonds; and
 - (vii) proposals for the ~~increase in the reserve fund above the limit stipulated by law and these Articles of Association~~distribution of the fund of uncollected dividends;
- c) send the shareholders no less than 30 days before the General Meeting financial statements which are to be submitted to the General Meeting for approval, or selected data from them, including specification of the time and place where ~~such~~the financial statements may be inspected;
- d) grant and recall procuration (in Czech: *prokura*) and powers of attorney to the Company's representatives; and
- e) establish obligatory funds of the Company under the generally binding legal regulations

and, in ~~co-operation~~cooperation with the Supervisory Board, stipulate the manner of their creation and drawing.

4. The Board of Directors shall be accountable for all its activities to the General Meeting ~~and decides on Company matters collectively~~. The powers of the Board of Directors may ~~decide on the transfer of a certain part~~be divided among individual members based on their particular qualifications. ~~Division of its authorities to the Company's managing employees, should such transfer be permitted by legal regulations. Such transfer of authority shall~~powers does not affectrelease the responsibility of theother members of the Board of Directors ~~for from~~ the performance of their offices, ~~as specified in~~obligation to monitor the ~~binding provisions~~management of the relevant legal regulationsCompany's matters.

Article 14

Composition of the Board of Directors, Term of Office, Meetings, and Decision-Making

1. The ~~Company's~~Board of Directors of the Company shall consist of ~~six~~five members, elected and recalled by the General Meeting. ~~Only~~An individual or a natural personlegal entity complying with the conditions ~~specified~~set out by law may become a member of the Board of Directors. If a legal entity is a member of the Board of Directors, it shall authorise an individual to represent this entity in the Board of Directors otherwise it shall be represented by a member of its statutory body. The authorised representative of a legal entity which is a member of the Board of Directors must also comply with the conditions set out by law for the performance of office of member of the Board of Directors.
2. A person who does not comply with the conditions ~~or~~if set out by law for the performance of office of member of the Board of Directors or for whom there is an obstacle to the performance of their office, shall not become a member of the Board of Directors, even if elected by the General Meeting. Unless the ~~Commercial~~Business Corporations Act or the Civil Code stipulates otherwise, if a member of the Board of Directors ceases to meet the conditions set out by law for the ~~exercise~~performance of the office, their office shall be terminated. This shall not affect any rights of third parties acquired in good faith.
23. The term of office of a member of the Board of Directors shall be ~~one year, and~~three years. This shall not apply to members of the Board of Directors who will be elected by the General Meeting to be held in 2014; the term of office of the Board of Directors' members elected to office by the General Meeting in 2014 shall be one year. Members of the Board of Directors may be re-elected.
34. Provided that the number of members of the Board of Directors does not fall below ~~four~~two, the Board of Directors shall be entitled to appoint substitute members of the Board of Directors until the next

General Meeting. The term of office of a substitute member of the Board of Directors shall not be included in the term of office of a member of the Board of Directors.

45. The term of office of members of the Board of Directors shall terminate, besides by expiry, upon:
 - (i) the death of the member of the Board of Directors;
 - (ii) the dissolution of a legal entity, unless stipulated otherwise by these Articles of Association or by law;
 - (iii) resignation of the member of the Board of Directors;
 - ~~(iii) — the iv)~~ recall of the member of the Board of Directors by the General Meeting—;
 - ~~5(v)~~ election of a new member of the Board of Directors by the General Meeting, unless provided otherwise in the resolution of the General Meeting; or
 - (v) other termination of office in compliance with the law.
6. If a term of office of a member of the Board of Directors is terminated, the General Meeting is required to elect a new member of the Board of Directors within ~~three~~two months. ~~The function of If a legal entity which is a member of the Board of Directors is dissolved and has a legal successor, its legal successor shall be terminated upon become the election of a new member to his/her position, however, no later than three months after of the expiry~~Board of his/her term of office Directors.
67. A member of the Board of Directors may resign from the office by a written notice addressed to the Board of Directors and delivered to the address of the Company's registered office or submitted personally at a Board meeting to any of the Board members present at the meeting. Nevertheless, the member of the Board of Directors may not do so at a time which is inconvenient for the Company. The office of the member of the Board of Directors terminates upon expiry of one month after the day on which the aforesaid notice is delivered to the Board of Directors to the address of the Company's registered office or submitted personally at a Board meeting at which the member of the Board of Directors resigned from their office, unless another date is approved by the Board of Directors at the request of the resigning member. A member of the Board of Directors may also resign in such a way that the notice of resignation is included in the agenda of the General Meeting and the resigning member of the Board of Directors notifies their resignation at this General Meeting. In such a case, the member's office shall terminate upon the member's notification of resignation at the General Meeting, unless the General Meeting approves another date at the request of the resigning member of the Board of Directors.
8. If the Board of Directors is incapable of performing its functions due to an insufficient number of members, the missing members shall be appointed by a ~~competent court in a manner specified by law~~court at the proposal of a person legally interested in this for such period of time until any missing member or members of the Board of Directors are duly elected; otherwise, the court may wind up the Company, even without any proposal, and may order its liquidation.
79. Members of the Board of Directors shall elect one of their ~~number~~peers as the chairperson of the Board of Directors and shall also recall the chairperson.
810. The Board of Directors shall take decisions by resolutions usually adopted in the course of its meetings. Meetings of the Board of Directors ~~meetings~~ shall be held as frequently as necessary—; however, at least twice a year. The meetings shall be ~~chaired~~presided by the chairperson ~~of the Board of Directors, if present.~~
911. A meeting of the Board of Directors shall be convened by the chairperson of the Board of Directors and, if the Board of Directors does not have a chairperson, by any member of the Board of Directors, by a written invitation which includes the place, ~~the~~ date, ~~the~~ time and ~~the~~ proposed agenda of the meeting. Each member of the Board of Directors shall receive ~~the~~an invitation with the materials for the meeting at least 10 calendar days before the meeting of the Board of Directors ~~meeting~~. If all members of the Board of Directors agree to this, a meeting of the Board of Directors ~~meeting~~ may be convened by phone, e-mail or ~~tele~~fax no later than ~~3~~three calendar days before the meeting. If a ~~Board of Directors~~ meeting of the Board of Directors is convened by phone, it must also be simultaneously convened by ~~tele~~fax or e-mail and the invitation must include the aforesaid required information. The time limits stated above

do not apply to outside-of-meeting resolutions of the Board of Directors. The chairperson of the Board of Directors must convene a ~~Board of Directors~~ meeting of the Board of Directors if requested by at least two members of the Board of Directors or the Supervisory Board. ~~Meetings of the~~ Board of Directors ~~meetings~~ shall be held at the Company's registered office, unless the invitation states otherwise. The Board of Directors may, at its discretion, invite to its meetings members of other bodies of the Company, the Company's employees or shareholders. A member of the Supervisory Board may attend the meeting of the Board of Directors ~~meeting~~ if the Supervisory Board so requests. ~~The obligation to exercise the office of a~~ Each member of the Board of Directors ~~is one which must be exercised~~ shall perform their office in person; however, this does not prevent any member of the Board of Directors from authorising another member of the Board of Directors to vote on behalf of the authorising member of the Board of Directors at the meeting of the Board of Directors in their absence at an individual occasion.

~~40~~12. The Board of Directors shall be quorate if attended by at least ~~four~~three members. A resolution of the Board of Directors shall be adopted if approved by a simple majority of ~~the~~ members present. Each member of the Board of Directors shall have one vote. In the event of a tie vote, the chairperson's vote shall be decisive. ~~When electing and recalling the chairperson of the Board of Directors from office, the affected member shall not vote.~~

~~41~~13. If all members of the Board of Directors agree to this, any member or all members of the Board of Directors may attend the meeting of the Board of Directors ~~meeting~~ and vote by phone or other communications system that allows all persons attending the meeting to hear each other. A person attending the meeting and voting in this manner shall be considered present at the meeting and shall be entitled to vote at the meeting.

~~42~~14. The Board of Directors may, at the proposal of its chairperson or, if the Board of Directors does not have a chairperson, at the proposal of another member of the Board of Directors, adopt resolutions outside of a meeting by way of a written vote and/or voting by e-mail or ~~tele~~fax. Voting may only be performed in this way if all members of the Board of Directors agree to this. The members voting outside of a meeting shall be considered present. The Board of Directors is quorate for outside-of-meeting voting if at least ~~four~~three members of the Board of Directors participate in ~~such~~the voting. A resolution shall be adopted if approved by a simple majority of votes of the members voting outside of its meetings. In the event of a tie vote, the chairperson's vote shall be decisive. All organisational matters related to decision-making outside of the meeting of the Board of Directors shall be arranged for by the chairperson of the Board of Directors. Resolutions outside of meetings of the Board of Directors ~~meetings~~ must be incorporated into the minutes at the nearest meeting of the Board of Directors.

~~43~~15. Minutes of meetings of the Board of Directors ~~meetings~~ and of their resolutions shall be executed and signed by the chairperson of the Board of Directors and the minutes clerk. The list of attendees shall form an annex to the minutes. A member of the Board of Directors or any other person may be the minutes clerk. The minutes shall describe the manner in which the individual items on the agenda of the meeting of the Board of Directors were discussed and the resolutions adopted on these items, including the numbers of votes by which each resolution was adopted. The minutes of the meeting of the Board of Directors must specify the names of the members of the Board of Directors who voted against separate resolutions of the Board of Directors resolutions or abstained from voting. The minutes shall also contain information on whether the Board of Directors was quorate during the entire meeting. Members of the Board of Directors not specified in the minutes as voting against shall be understood to have voted for the resolution, unless it is proved otherwise. The costs related with the meetings and other activities of the Board of Directors shall be borne by the Company.

Article 15 Obligations of Members of the Board of Directors

1. Members of the Board of Directors shall exercise their authority with due care and ~~keep confidential all information~~ necessary loyalty, qualification and ~~facts, the disclosure~~ diligence. A person who acts with diligence and necessary qualification in making business decisions is someone who can reasonably anticipate in good faith that they act on an informed basis and in the justifiable interest of which the Company. This shall not apply if any such decisions were not made with necessary loyalty. A member of

the Board of Directors may ask the General Meeting for an instruction regarding business management. This shall not affect their duty to third parties might cause damage to the Company act with due care.

2. The ~~relationship~~rights and duties between the Company and a member of the Board of Directors ~~in the course of managing the Company affairs shall shall~~ be governed by applicable provisions of the ~~Commercial~~Civil Code on mandate agreements *mutatis mutandis*, unless anything else arises from the agreement for on performance of ~~an office concluded between or from the Company and provision of the Business Corporations Act.~~
 3. A member of the Board of Directors or other provisions of the Commercial Code regulating who breaches their duty of acting with due care shall return to the Company any benefit they obtained by such acting. If the member's obligations specify different rights and obligations benefit cannot be returned, the relevant member of the Board of Directors shall compensate it to the Company in money. If harm is caused to the Company due to a member's breach of their duty to act with due care, the Company may settle it pursuant to the agreement concluded with the obligor. For such an agreement to be effective, consent of the General Meeting adopted by at least a two-thirds majority of votes of all shareholders is required. Legal actions of the Company restricting the liability of a member of the Board of Directors shall not be taken into account.
 3. ~~Members of the Board of Directors who have caused damage to the Company as a result of a breach of their legal obligations when exercising their powers, shall be liable for the damage jointly and severally. Any agreement between the Company and a member of the Board of Directors restricting of excluding the member's liability shall be invalid.~~
 4. ~~Members of the Board of Directors shall only be liable for damage caused to the Company by complying with the General Meeting's instructions if such instructions are contrary to legal regulations.~~
 5. ~~The members of the Board of Directors who are liable for damage caused to the Company, shall provide a guarantee for the Company's liabilities jointly and severally, if the responsible4. If a member of the Board of Directors fails to compensate the Company for the damage and the creditors are unable they caused to satisfy it by a breach of their claims from duties in the Company's assets due performance of their office, although they were obliged to the Company's insolvency or due to the fact that compensate the Company has stopped making payments. The extent of the guarantee is limited to the extent of the obligation of the members of the Board of Directors to compensate for damage. The guarantee provided by a for such damage, this member of the Board of Directors shall be terminated as soon as the damage has been paid for. liable towards a creditor of the Company for the Company's debt to the extent to which this member of the Board of Directors fails to compensate the Company for the damage, if the creditor is unable to collect the performance from the Company.~~
65. A member of the Board of Directors may not:
- (a) carry out business in the ~~same or a similar area as the Company's scope of business or enter into contractual business relationships with the Company;~~
 - ~~(b) Company's scope of activities, not even for the benefit of other persons, or mediate or broker any of the Company's business for other persons;~~
 - (b) be a member of the statutory body of any other legal entity with the same or similar scope of activities or a person in a similar position, unless it is a holding;
 - (c) take part in the business activities of another ~~company~~business corporation as a member with unlimited liability or as a controlling person of another entity with the ~~same or a similar scope of business to the Company;~~
 - ~~(d) act as a statutory body or a member of the statutory body or other body of another legal entity with the same or a similar scope of business, except in the case of a holding (koncern)-activities that is identical or similar to the scope of activities of the Company.~~

A breach of the above obligations shall have the consequences specified in Section 655 of the ~~Commercial Code~~Business Corporations Act.

6. If a member of the Board of Directors expressly draws the attention of the General Meeting to any of the circumstances specified in paragraph 5 of this Article upon their election to office or if any such circumstance occurs later and the relevant member of the Board of Directors notifies it in writing, it shall be deemed that this member of the Board of Directors is not prohibited from carrying out the activity to which the prohibition under paragraph 5 of this Article applies. This shall not apply if the General Meeting expresses its disagreement with the activity pursuant to paragraph 5 of this Article within one month from the date on which it was notified about the circumstances pursuant to paragraph 5 of this Article. Any notification by a member of the Board of Directors pursuant to this paragraph shall be specified in the invitation to the General Meeting and the agenda of this meeting shall contain the voting on any potential disagreement of the General Meeting with the activity of the member of the Board of Directors pursuant to paragraph 5 of this Article.

C. Supervisory Board

Article 16

Position and Powers of the Supervisory Board

1. The Supervisory Board shall supervise the ~~Company's business performance of the Board of Directors and the activities and the~~ of the Company. The Supervisory Board shall adhere to the principles approved by the General Meeting, unless in conflict with the Business Corporations Act or these Articles of Association. No breach of these principles shall have any effects towards third parties. No one is entitled to grant instructions to the Supervisory Board relating to its statutory obligation to supervise the performance of the Board of Directors.
2. The Supervisory Board ~~shall~~:
 - a) shall assess specific trends in the ~~Company's~~ activities of the Company and its business policy and supervise its implementation;
 - b) shall review the ordinary, extraordinary, consolidated, and interim financial statements as well as the proposal for the distribution of profit and coverage of losses and submit its views to the General Meeting;
 - c) ~~be entitled~~may, through any of its members, ~~to~~ inspect all documents and records concerning the ~~Company's~~ activities of the Company;
 - d) shall check whether the accounting books have been duly kept and accurately reflect reality, and whether the Company's business activities or any other activities are carried out in compliance with other legal regulations, and these Articles of Association ~~and the instructions of the General Meeting~~;
 - e) shall convene the General Meeting if the Company's interests so require and propose any necessary measures at the General Meeting;
 - f) shall designate one of its members to represent the Company in ~~court litigation and similar proceedings before courts and any other authorities conducted~~ against ~~members~~any member of the Board of Directors; and
 - g) may prohibit a member of the Board of Directors from certain legal actions, if this is in the interest of the Company.
3. ~~The consent of the Supervisory Board and of the General Meeting is required for the conclusion of an agreement under which the Company is to acquire or dispose of assets, if the value of the assets acquired or disposed of within one accounting period exceeds one third of equity recorded in the last ordinary financial statements or in the consolidated financial statements if the Company compiles them~~If a member of a body of the Company intends to conclude an agreement with the Company, they shall inform the body of which they are a member and the Supervisory Board of this without undue delay. They shall also specify under what conditions the agreement is to be concluded. The above shall apply analogously to agreements between the Company and any persons close to a member of a body of the Company or any persons influenced or controlled by a member of a body of the Company, and also if

the Company is to secure or affirm any debts of persons specified in this Article or if the Company is to become a co-debtor together with these persons. The Supervisory Board may prohibit a member of a body of the Company from concluding such an agreement with the Company if this is not in the interest of the Company. This paragraph shall not apply to any agreements concluded within the ordinary course of business.

Article 17

Composition of the Supervisory Board and ~~the Terms~~Term of Office

1. The Supervisory Board shall consist of ~~six~~four members who ~~must~~may be ~~natural persons~~individuals meeting the requirements of the law. ~~Two Supervisory Board~~The members ~~shall be elected and recalled by the employees of the Company in compliance with Section 200 of the Commercial Code, and the remaining four members of the Supervisory Board~~ shall be elected and recalled by the General Meeting. ~~Their~~ term of office ~~of a member of the Supervisory Board shall be three years. This shall not apply to members of the Supervisory Board who will be elected by the General Meeting to be held in 2014; the term of office of the Supervisory Board's members elected to office by the General Meeting in 2014 shall be one year. Members of the Supervisory Board~~ ~~members~~ can be re-elected.
- ~~2.~~ A member of the Supervisory Board ~~member~~ must not be simultaneously a member of the Board of Directors, ~~the Company's procurator (in Czech: prokurista) or~~ or any other person authorised ~~—~~ according to the entry in the Commercial Register ~~—~~ to act ~~in~~on behalf of the ~~Company's name~~Company. If the number of ~~the Supervisory Board~~ members ~~elected by~~of the ~~General Meeting~~Supervisory Board has not fallen below half of its members, the Supervisory Board may appoint a substitute member to hold the office until the next General Meeting. The term of office of a substitute member of the Supervisory Board shall not be included into the term of office of a member of the Supervisory Board.
- ~~23.~~ Members of the Supervisory Board shall elect one of their ~~number~~peers as chairperson of the Supervisory Board and shall also recall the chairperson.
- ~~34.~~ Members of the Supervisory Board shall participate in the General Meeting and an authorised member of the ~~Company. They are obliged to~~Supervisory Board shall report to the General Meeting the results of ~~their supervising~~the activities ~~and may~~of the Supervisory Board. Any members of the Supervisory Board must be permitted to take the floor whenever they so request; they may also submit proposals for the General Meeting agenda.
- ~~45.~~ The Supervisory Board shall designate one of its members to represent the Company in proceedings before courts and any other authorities conducted against ~~a~~any member of the Board of Directors.
- ~~5.~~ ~~The provisions of Article 14 (3), (4), (5) and (6) shall apply similarly to Supervisory Board members.~~
- ~~6.~~ The provisions of Article 14 (5), (6) and (8) shall apply analogously to members of the Supervisory Board. A member of the Supervisory Board may resign from the office by a written notice addressed to the Supervisory Board and delivered to the address of the Company's registered office or submitted personally at a meeting of the Supervisory Board to any of the members of the Supervisory Board present at the meeting. Nevertheless, the member of the Supervisory Board may not do so at a time which is inconvenient for the Company. The office of the member of the Supervisory Board terminates upon expiry of one month after the day on which the aforesaid notice is delivered to the Supervisory Board to the address of the Company's registered office or submitted personally at a meeting of the Supervisory Board at which the member of the Supervisory Board resigned from their office, unless the Supervisory Board approves another date at the request of the resigning member. A member of the Supervisory Board may also resign in such a way that the notice of resignation is included in the agenda of the General Meeting and the resigning member of the Supervisory Board notifies their resignation at this General Meeting. In such a case, the member's office shall terminate upon the member's notification of resignation at the General Meeting, unless the General Meeting approves another date at the request of the resigning member of the Supervisory Board.

Article 18

Supervisory Board Meetings and of the Supervisory Board and Decision-Making

1. Meetings of the Supervisory Board shall be convened as often as required and presided over by the chairperson of the Supervisory Board ~~as often as necessary~~.
2. A meeting of the Supervisory Board shall be convened by the chairperson of the Supervisory Board and, if the Supervisory Board does not have a chairperson, by any members of the Supervisory Board, by a written invitation which includes the place, ~~the~~ date, ~~the~~ time and ~~the~~ proposed agenda of the meeting. Each member of the Supervisory Board shall receive an invitation with the materials for the meeting at least 10 calendar days before the ~~Supervisory Board meeting of the Supervisory Board~~. If all members of the Supervisory Board agree to this, a ~~Supervisory Board meeting of the Supervisory Board~~ may be convened by phone, e-mail or ~~telefax~~ no later than ~~three~~ calendar days before the meeting. If a Meeting of the Supervisory Board meeting is convened by phone, it must also be simultaneously convened by ~~telefax~~ or e-mail and the invitation must include the aforesaid required information. The time limits stated above do not apply to outside-of-meeting ~~decisions~~ resolutions of the Supervisory Board. The chairperson of the Supervisory Board must convene a Meeting of the Supervisory Board meeting if requested by any member of the Supervisory Board. The Meeting of the Supervisory Board meeting shall be held at the Company's registered office, unless the invitation provides otherwise. ~~The obligation to exercise the office of member Members of the Supervisory Board is one which must be exercised shall perform their office in person; however, this will not prevent a member authorising another member of the Supervisory Board in an individual case to vote on their behalf at a meeting of the Supervisory Board in their absence.~~ The Supervisory Board may, at its discretion, invite members of other bodies of the Company, its employees or shareholders to its meetings.
3. The Supervisory Board shall be quorate if a simple majority of its members are present. Each member shall have one vote. A resolution shall be adopted if approved by a simple majority of all members of the Supervisory Board.
4. If all members of the Supervisory Board agree to this, any member or all members of the Supervisory Board may attend the Meeting of the Supervisory Board meeting and vote by phone or other communications system that allows all persons attending the meeting to hear one another. Persons who attend the meeting and vote in this manner shall be considered present at the meeting and shall be entitled to vote at the meeting.
5. The provisions of Article 14 (~~1214~~) shall apply accordingly analogously to resolutions taken by the Supervisory Board outside its meeting; however, approval by a majority of votes of all the members of the Supervisory Board is required for such a resolution to be adopted.
6. The Supervisory Board shall execute the minutes of its meetings and resolutions which shall be signed by ~~its~~ the chairperson. ~~Section 195 of the Commercial Code shall be applied meeting. The list of attendees will be attached as an annex to the requisites of the minutes, as appropriate. The minutes must include a description of the discussion on the individual items on the agenda of the Supervisory Board and the resolutions adopted, including the number of votes by which the respective resolution was adopted. The minutes of a meeting of the Supervisory Board shall specify the names of the members of the Supervisory Board who voted for the adoption of the individual resolution or who abstained from voting; if the minutes of the Supervisory Board's meeting does not specify whether its member voter for the adoption of the individual resolution or abstained from voting, such member will be deemed to have voted for the adoption of the resolution.~~ The opinions of the minority of the members of the Supervisory Board's members Board shall also be recorded in the minutes, if they so require ~~this, and dissenting opinions of Supervisory Board members elected by the Company's employees. The minutes shall always be recorded also~~ contain information on whether the Supervisory Board was quorate during the entire meeting.
7. ~~If the law or the Articles of Association require~~ 7. If the Supervisory Board does not give its consent to actions of the Board of Directors for which the prior consent of the Supervisory Board for certain acts of the Board of Directors and the Supervisory Board refuses to consent or if the Supervisory Board exercises its right to prohibit certain acts from being taken is required by law or the Articles of Association, or if the Supervisory Board prohibits the Board of Directors on the Company's behalf from taking an action, the members of the Supervisory Board who failed to act with due care will be held liable instead

~~of the members of the Board of Directors shall not be liable for any damage resulting from observing such decision of the Supervisory Board. Supervisory Board members deciding on the acts mentioned in the first sentence of this paragraph shall be jointly and severally liable for the resulting damage, if they did not act with due careharm caused to the Company. If the Supervisory Board consentsgives its consent to the acts mentionedactions referred to in the first sentence of this paragraph, the members of the Supervisory Board and the Board of Directors and Supervisory Board who did not exercisewho failed to act with due care when deciding on such acts, are shall be held liable jointly and severally liable for any damage resulting from such actsharm.~~

8. The costs related to the meetings and other activities of the Supervisory Board shall be borne by the Company.
9. The provisions of Article 15 of these Articles of Association shall apply similarlyanalogously to the Members of the Supervisory Boardmembers.
- ~~10. The rules for election and recall of the Supervisory Board members representing the employees shall be prepared by the Board of Directors upon completion of negotiations with trade union bodies.~~

D. Audit Committee

Article 19

Position and Powers of the Audit Committee

1. The Audit Committee is a Company body whose powers include the following:
 - a) monitoring of the process of preparing the financial statements and consolidated financial statements of the Company;
 - b) assessment of the efficiency of the Company's internal controls, internal audits, and system of risk management;
 - c) monitoring of the process of mandatorystatutory audits of financial statements and consolidated financial statements of the Company;
 - d) assessment of the independence of statutory auditors and auditing firm(s) and, in particular, the provision of supplementary services to the Company as the audited entity;
 - e) recommendation of auditor~~s~~ to the General Meeting;
 - f) acceptance of information, statements and communication according to the applicable legal regulations from the auditor and discussion of such information, statements and communication with the auditor~~s~~; and
 - g) informing of other bodies of the Company as necessary regarding matters that are within the powers of the Audit Committee.
2. The Audit Committee also has other powers that may be stipulated by the legal regulations. The powers of the Audit Committee do not affect the powers of the other bodies of the Company pursuant to the legal regulations and these Articles of Association.

Article 20

Composition of the Audit Committee and ~~the TermsTerm~~ of Office

1. The Audit Committee shall consist of three members who mustcan be natural personsindividuals meeting the requirements of the relevant legal regulations with respect to the performance of this office and the performance of the office of member of the Supervisory Board. Each member of the Audit Committee must be qualified in the area of accounting and/or statutory audits and must have at least three years of practical experience- in this area. At least one member of the Audit Committee must be independent of the Company. The remaining two members of the Audit Committee may be appointed from among the members of the ~~Company's~~ Supervisory Board of the Company.

2. The term of office of a member of the Audit Committee is three years. This shall not apply to members of the Audit Committee who will be elected by the General Meeting to be held in 2014; the term of office of the Audit Committee's members elected to office by the General Meeting in 2014 shall be one year. The members of the Audit Committee may be re-elected.
3. The members of the Audit Committee elect one of their numberpeers as the chairperson of the Audit Committee and shall also recall the chairperson.
4. The termprovision of office of a member of the Audit Committee shall terminate, besides its expiry, upon:
 - (i) ~~the death of the member of the Audit Committee;~~
 - (ii) ~~the resignation of the member of the Audit Committee;~~ Article 14 (5) and
 - (iii) ~~the recall of the member (6) shall be applied analogously also to members of the Audit Committee by the General Meeting.~~
5. A member of the Audit Committee may resign from his/herthe office based-onby a written notice addressed to the Audit Committee and delivered to the Audit Committee or to the General Meeting, address of the Company's registered office or submitted personally to any attending member of the Audit Committee at a meeting of the Audit Committee. However, the member of the Audit Committee may not do so at a time which is inconvenient for the Company. The term of the member's office of a member of the Audit Committee terminates on the day on which his/her resignation is discussed or should have been discussed by the Audit Committee. The one month following the delivery of the notice to the Audit Committee is obliged to discuss a member's resignation at the very next meeting after it learns to the address of the member's resignation.
- ~~6.~~ If a member of the Audit Committee announces his/her resignationCompany's registered office or following the day on which the notice was submitted at a meeting of the Audit Committee, at which the member's termmember of the Audit Committee resigned from the office terminates two months after such announcement, unless the Audit Committee approves another date of termination of the term of office at the request of the resigning member. A member of the Audit Committee may also resign from their office in such a way that an item will be included in the agenda of the General Meeting, under which the resignation from the office will be announced, and the member of the Audit Committee will then announce their resignation at the General Meeting. In such a case, the member's term of office terminates upon announcement of the resignation from the office at the General Meeting, unless the General Meeting determines another date of termination of the term of office at the request of the resigning member. The term of office of a member of the Audit Committee shall also terminate upon election of a new member, unless something else ensues from the resolution of the General Meeting.
- ~~7.~~ Members of the Audit Committee participate in the Company's General Meetings of the Company. They are obliged to inform the General Meeting of the results of their activities.

Article 21

Audit Committee Meetings of the Audit Committee and Decision-Making

1. Meetings of the Audit Committee shall be convened as often as required and presided over by the chairperson of the Audit Committee ~~as often as necessary.~~
2. A meeting of the Audit Committee shall be convened by the chairperson of the Audit Committee and, if the Audit Committee does not have a chairperson, by any member of the Audit Committee, by a written invitation which includes the place, ~~the date, the hourtime~~ and ~~the~~ proposed agenda of the meeting. Each member of the Audit Committee shall receive an invitation with the materials for the meeting at least 10 calendar days before the ~~Audit Committee meeting. of the Audit Committee.~~ If all members of the Audit Committee agree to this, ~~ana meeting of the~~ Audit Committee meeting may be convened by phone, e-mail or ~~tele~~fax no later than ~~3three~~ calendar days before the meeting. If ~~ana meeting of the~~ Audit Committee meeting is convened by phone, it must also be simultaneously convened by ~~tele~~fax or e-mail and the invitation with materials must include the aforesaid required information. The time limits stated above do not apply to outside-of-meeting ~~dre~~ resolutions of the Audit Committee. The chairperson of the Audit Committee must convene ~~an Audit Committeea~~ meeting of the Audit Committee if requested

by any member of the Audit Committee. If, in such a case, ~~ana meeting of the~~ Audit Committee is not convened within five business days of the delivery of the request for convocation of ~~ana meeting of the~~ Audit Committee ~~meeting~~ to the chairperson of the Audit Committee, or if the Audit Committee does not have a chairperson, the ~~meeting of the~~ Audit Committee ~~meeting~~ may be convened and conducted by the given member of the Audit Committee. The ~~meeting of the~~ Audit Committee ~~meeting~~ shall be held at the Company's registered office, unless the invitation provides otherwise. ~~The obligation to exercise the office of a member~~ Members of the Audit Committee is one which must be exercised shall perform their office in person; however, this will not prevent a member authorising another member of the Audit Committee in an individual case to vote on their behalf at a meeting of the Audit Committee in their absence. The Audit Committee may, at its discretion, invite to its meetings members of other bodies of the Company, its employees or shareholders.

3. The Audit Committee is quorate if more than half of its members are present. Every member of the Audit Committee has one vote. Resolutions of the Audit Committee shall be adopted if they are approved by more than half of all the members of the Audit Committee, unless these Articles of Association or the legal regulations require a higher number of votes necessary for the adoption of resolutions. In the event of a tie vote, the chairperson's vote shall be decisive.
4. If all members of the Audit Committee agree to this, any member or all members of the Audit Committee may attend the ~~meeting of the~~ Audit Committee ~~meeting~~ and vote by phone or other communications system that allows all persons attending the meeting to hear one another. Persons who attend the meeting and vote in this manner are considered present at the meeting and are entitled to vote at the meeting.
5. The provisions of Article 14 (~~1214~~) apply accordingly analogously to adopting resolutions outside ~~meetings of the~~ Audit Committee ~~meetings~~; however, approval by a majority of votes of all the members of the Audit Committee is required for such a resolution to be adopted.
6. The Audit Committee shall execute the minutes of its meetings and ~~decisions which shall be signed by its chairperson (or by all members present if the Audit Committee does not have a chairperson)~~ resolutions which shall be signed by the chairperson of such meeting (or by all members of the Audit Committee present); the list of attendees will be attached as an annex to the minutes. The minutes must include a description of the discussion on the individual items on the agenda of the Audit Committee and the resolutions adopted, including the number of votes by which the respective resolution was adopted. The minutes of a meeting of the Audit Committee shall specify the names of the members of the Audit Committee who voted for the adoption of the individual resolution or who abstained from voting; if the minutes of the Audit Committee's meeting does not specify whether its member voter for the adoption of the individual resolution or abstained from voting, such member will be deemed to have voted for the adoption of the resolution. The opinions of the minority of the Audit Committee's members shall also be recorded in the minutes, if they require so.
7. The costs related to the meetings and other activities of the Audit Committee shall be borne by the Company.

III. Economic Management of the Company

Article 22

Records, Accounting, and Ordinary Financial Statements

1. -The accounting period of the Company corresponds to the calendar year.
2. The Company's records and ~~accounting account books~~ shall be maintained in a manner complying with the applicable generally binding legal regulations. The Board of Directors shall be responsible for proper ~~book-keeping~~ bookkeeping.
3. The Board of Directors shall submit the financial statements to the auditors together with a request for a review of the business activities of the Company for the relevant period. Having received the auditor's report on the review of the financial statements and business activities of the Company, the Board of

Directors shall submit the financial statements and the auditor's report to the Supervisory Board together with the proposal for the distribution of profit or coverage of losses.

4. The Supervisory Board shall examine the financial statements and the proposal for the distribution of profit or coverage of losses and ~~inform~~provide its statement to the General Meeting ~~of the results~~.
5. After the ~~financial statements and the~~ annual report ~~is~~are verified by the auditor and approved by the General Meeting, the Company is required to publish ~~it and make it known. Pursuant to generally binding legal regulations, the annual report shall contain selected data from the ordinary financial statements~~them.
6. The Company shall compile the set of information prescribed by the legal regulations and provide information on its activities to the authorities pursuant to generally binding legal regulations.
7. The Company shall not create a reserve fund from profit.
8. The Board of Directors of the Company can create non-mandatory funds of the Company in accordance with the legal regulations, decide on allotments into and use of such funds, except for cases where resolutions on the allotments into or use of so created funds are made by the General Meeting.
9. The Company creates a fund of uncollected dividends.

Article 23 Distribution of Profit and Coverage of Losses

1. The profit shall be distributed, or losses covered, in the manner approved by the General Meeting after the examination by the Supervisory Board of the manner proposed by the Board of Directors.
2. A share in profit may also be distributed among members of the bodies of the Company (royalties).
3. The profit remaining after the payment of tax and other similar liabilities (the "Company's Net Profit"), shall be used in accordance with the resolution of the General Meeting's decision Meeting in the following order and in the following way:
 - a) allotments to the ~~obligatory reserve fund~~;
 - ~~b) allotments to the Company's~~Company's other funds, if such exist;
 - ~~e~~b) other purposes determined by the General Meeting;
 - ~~d) the payment of emoluments to members of the Board of Directors and Supervisory Board; and~~
 - ~~e~~c) the payment of dividends to shareholders-;
 - 3d) the payment of a share in profit to members of the bodies of the Company (royalties).
4. ~~The shareholders' Company may not pay out profit or funds from its other sources, or provide any advance payments for them, if this would lead to the insolvency of the Company pursuant to another legal regulation.~~
5. The shareholders' share in the Company's profit~~profits of the Company~~ (dividend) shall be based on the proportion of the ~~nominal value of their shares to the nominal value of all the Company's shares~~shareholder's share in the registered share capital of the Company. The Company shall pay out shares in profit at its own cost and risk, by bank transfer to the shareholder's account specified in the list of shareholders; payment of the share in profit in another appropriate manner determined in the resolution of the General Meeting on the distribution of profit among shareholders owning book-entered shares kept in the records of securities pursuant to Article 5 (2) above shall not be affected thereby. In the case of members of the bodies of the Company, the Company shall also pay shares in profit to such persons by bank transfer to the account as notified by them.
- ~~4. Potential losses incurred by the Company shall be covered first from its reserve fund, unless decided differently by the General Meeting. The manner of using the reserve fund and approving its use is regulated by Article 24 of these Articles of Association.~~

Article 24
Reserve Fund and Other Funds Created by the Company

- ~~1. The reserve fund of the Company was established by the founders upon the Company's incorporation.~~
- ~~2. The obligatory reserve fund is increased every year by 5% of the Company's Net Profit until the fund has amounted to 20% of the Company's registered share capital. As soon as this level has been reached, further allotments to the obligatory reserve fund, or to other non obligatory funds, shall be made based on decisions of the General Meeting. The reserve fund created in this way, up to 20% of the registered share capital, can only be used for covering the Company's losses, unless required otherwise by law.~~
- ~~3. Furthermore, the reserve fund must be created, to the extent specified in Section 161d (2) and Section 161f (2) and (5) of the Commercial Code, upon the acquisition of the Company's own shares by the Company itself, by an entity controlled by the Company, or by a third party acting in its own name on behalf of the Company or an entity controlled by the Company. The Board of Directors shall decide on the use of the reserve fund.~~
- ~~4. Pursuant to applicable legal regulations, the Company can create other funds and contribute to them amounts approved by the General Meeting from the Company's Net Profits.~~
6. The Company may provide financial assistance under the conditions defined by the Business Corporations Act.

IV. Registered Share Capital Increase

Article 2524
Registered Share Capital Increase

1. The increase of the Company's registered share capital shall be decided on by the General Meeting or, under the conditions stipulated in ~~Section 210~~Sections 511 to 515 of the ~~Commercial Code~~Business Corporations Act, by the Board of Directors. The ~~decision~~resolution shall be adopted in accordance with the conditions stipulated in these Articles of Association and by generally binding legal regulations, and in the manner indicated by them. ~~Such decision~~The resolution on the registered share capital increase shall be ~~drawn up in the form of~~certified by a ~~notarial~~public deed. The Company can increase its registered share capital in the following ways:
 - a) subscription for new shares (Section ~~203474~~ et seq. of the ~~Commercial Code~~Business Corporations Act);
 - ~~b)~~ b) from the Company's own sources (Section 495 et seq. of the Business Corporations Act); and
 - ~~c)~~ c) conditionally, by the issuing of convertible or ~~warrant~~priority bonds (Section ~~207 of the Commercial Code~~);
 - ~~e)~~ e) from the Company's own sources (Section ~~208505~~ et seq. of the Commercial Code); and
 - ~~d)~~ d) in a combined manner (Section ~~209a of the Commercial Code~~ Business Corporations Act).
2. The registered share capital increase shall become effective ~~as of its registration in the Commercial Register~~upon registration of the new amount of the registered share capital in the Commercial Register, unless the registered share capital is increased by a company whose shares are accepted for trading on a regulated European market or whose issuance is the last condition for such shares being accepted on a regulated European market.
3. If the registered share capital is increased by a company whose shares are accepted for trading on a regulated European market or whose issuance is the last condition for such shares being accepted on a regulated European market, the registered share capital increase shall become effective upon subscription of the shares and payment of the prescribed part of their issue price, unless the resolution on the registered share capital increase stipulates otherwise. However, the registered share capital

increase cannot become effective earlier than the shares having been subscribed and later than the new amount of the registered share capital having been registered in the Commercial Register.

Article 2625 **Registered Share Capital Increase by Subscription for New Shares**

1. The increase of the registered share capital by subscription for new shares shall be admissible only if the shareholders have fully paid the issue price of shares subscribed for before, unless the outstanding part of the issue price is negligible in relation to the amount of the registered share capital and the General Meeting expresses its consent to such increase of the registered share capital. This restriction shall not apply, if the registered share capital is being increased ~~by the subscription for shares and their issue price is being paid for~~ by in-kind contributions only.
2. ~~Within 30 days of adopting a resolution of the General Meeting on a registered share capital increase, the~~ The Board of Directors shall be required to file a proposal an application for the registration of this resolution of the General Meeting in the Commercial Register without undue delay. The ~~subscription application for shares may not commence before~~ the registration of the resolution of the General Meeting resolution on the increase may be combined with an application for registration of the share capital new amount of the Company is registered share capital in the Commercial Register, unless a proposal for the registration of this resolution is filed with the Commercial Register and the subscription for the shares is subject to a condition subsequent entailing that the proposal for the registration of the resolution of the General Meeting on the registered share capital increase is dismissed.
3. Each shareholder shall have a priority right to subscribe for part of the new shares of the Company which are being subscribed for with the aim of increasing the registered share capital, in the proportion of their share ~~in the Company's registered share capital,~~ if the issue price thereof is to be paid in money. The priority right of shareholders to subscribe for the shares are being which were not subscribed for by ~~monetary contributions another shareholder is excluded.~~
4. The Board of Directors ~~is required~~ shall send information concerning the priority right, which must contain all the essentials stipulated by law to officially publish the shareholders, in the manner determined by law and these Articles of Association for convening the General Meeting, ~~information concerning the priority right which must contain all the essentials stipulated by law and, at the same time, shall officially publish such information.~~ The period for the exercise of the priority right must not be shorter than two weeks from the delivery of information to this effect.
5. The priority right of shareholders to subscribe, in the proportion of their shares in the registered share capital, for part of the new shares of the Company which are being subscribed for with the aim of increasing the registered share capital, can only be excluded or restricted by a resolution of the General Meeting ~~resolution~~ on the increase of the registered share capital if it is important for the Company's interests. The priority right may only be restricted or excluded to the same extent ~~for all the shareholders. The priority right may only be excluded~~ in relation to all the shareholders.
6. In its resolution on the increase of the registered share capital, the General Meeting can ~~decide~~ resolve that a determined portion or all of the shares not subscribed for by the use of priority rights can be subscribed for by shareholders based on an agreement under Section 205491 of the Commercial Code Business Corporations Act, or can be offered to a ~~specified~~ designated interested party or parties, together with the specification of such parties and/or the General Meeting can determine the manner of selecting such interested party or parties. Should the ~~General Meeting~~ resolution of the General Meeting not contain the above information, the shares shall be offered for subscription based on a public offer.
7. The General Meeting can also resolve that all shares will be subscribed for by a securities dealer based on a contract for the procurement of the issue of securities. In such case, the contract shall contain the securities ~~dealer's obligation~~ dealer's duty to sell the subscribed shares to persons ~~that~~ who have a priority right to subscription for shares, upon their request, for a determined price, within the specified period and to the extent of their priority right to subscription for new shares.

Article 27

Conditional Increase of the Registered Share Capital

- ~~1. If the General Meeting resolves to issue convertible or warrant bonds, it shall simultaneously adopt a resolution on the increase of the registered share capital to the extent in which the convertible rights associated with the convertible bonds or priority subscription rights associated with warrant bonds can be exercised.~~
- ~~2. The amount of the conditional increase of the registered share capital must not exceed one half of the registered share capital registered in the Commercial Register on the date of adopting the General Meeting's resolution on the issue of bonds.~~
- ~~3. The issue of convertible and warrant bonds may not commence prior to the General Meeting's resolution being registered in the Commercial Register and officially published.~~
- ~~4. The Company shall only issue shares to the extent of the exercised convertible and priority subscription rights after the increase of the registered share capital is registered in the Commercial Register.~~

Article 28~~26~~

Registered Share Capital Increase from the Company's Own Sources

- ~~1. After the approval of the ordinary, extraordinary, or interim financial statements, the~~ Based on a resolution of the General Meeting, the Company may issue bonds carrying the right of conversion into shares or priority bonds carrying the right to priority subscription for shares.
- ~~2. The General Meeting can resolve to use the Company's Net Profit, after making allotments to the reserve fund under Article 24 of these Articles of Association, or part of it, or other~~ that the registered share capital will be increased from the Company's own sources as shown in the Company's equity entry in the approved ordinary, extraordinary or interim financial statements, unless such sources are earmarked for a registered share capital increase special purpose and the Company may not change the purpose. Net profit may not be used for increasing the registered share capital based on interim financial statements.
- ~~23. The registered share capital may be increased from the Company's sources only if the financial statements must be on which the resolution of the General Meeting is based are verified without qualifications by an auditor and must be without a qualified opinion. The auditor shall verify the financial statements for the purposes of the resolution as per the preceding sentence based on data ascertained no later than as of the day which is no more than six months after the date when the resolution of the General Meeting on the increase of the registered share capital from own sources was adopted. If, however, the Company finds out from any interim financial statements that its own sources have been reduced, it cannot will not use the data from the ordinary or extraordinary financial statements, but must will use the data recorded in the interim financial statements referred to above.~~
- ~~3. The Company may not increase the registered share capital from its own sources if the condition specified in Section 178 (2) of the Commercial Code is not met.~~
- ~~4. The registered share capital may not be increased from the reserve funds created for other purposes or from the Company's own sources set aside for specific purposes which cannot be changed by the Company.~~
- ~~54. The registered share capital increase may not be higher than the difference between equity and the sum of the registered share capital and the reserve funds pursuant to paragraph 3 other sources of the Company that are earmarked for a special purpose and where the Company may not change the purpose.~~
- ~~65. The shareholders shall participate in the registered share capital increase in the proportion corresponding to the nominal value of their shares. Company shares owned by the Company or by an entity controlled by the Company or an entity controlled by the entity controlled by the Company shall also participate in the registered share capital increase. Where no-par value shares were issued, the shareholders shall participate in the registered share capital increase in the proportion corresponding to the number of the no-par value shares owned by them.~~

76. The registered share capital increase from the Company's own sources shall be performed either by the issuing of new shares and their distribution among the shareholders ~~in a proportion corresponding to the nominal value of their shares~~ free of charge or by increasing the nominal value of the existing shares.

**Article 29
Combined 27**

Conditional Increase of the Registered Share Capital

1. If the ~~price of the Company's shares on a public market at the time when the~~ General Meeting ~~adopts its~~ resolves to issue convertible or priority bonds, it shall simultaneously adopt a resolution on the increase of the registered share capital ~~does not reach the nominal value of a share or if the registered share capital is increased by~~ to the extent in which the convertible rights associated with the convertible bonds or priority subscription for shares by the Company's employees, the General Meeting ~~rights associated with priority bonds can resolve that part of the issue price of the subscribed shares will be covered from the Company's own sources shown in the Company's equity entry in the financial statements. The increase of the registered share capital by in-kind contributions, or the exclusion or restriction of priority rights of shareholders shall be inadmissible~~ be exercised, unless the bonds are supposed to be converted into already issued shares.
2. The ~~subscriber is required to pay the whole issue price of subscribed shares by the deadline determined in the resolution of the General Meeting before the Board of Directors shall file an application for registration of the new amount of the registered share capital in the Commercial Register without undue delay following the lapse of the time limit for the exercise of the convertible or priority subscription rights and only to the extent of the convertible or priority subscription rights so exercised.~~
3. Following the registration of the new amount of the registered share capital in the Commercial Register, the Company shall issue shares to the extent of the convertible and priority subscriptions rights that have been exercised. When converting bonds into shares, the Company shall proceed pursuant to Sections 503, 504 and 537 to 541 of the Business Corporations Act, with necessary modifications.

Article 3028

Increase of the Registered Share Capital by the Board of Directors

1. ~~By a resolution the~~ The General Meeting can authorise the Board of Directors to ~~decide~~ resolve, under the conditions set by the Business Corporations Act and these Articles of Association ~~and generally binding legal regulations and in the manner indicated by them, on the, on the increase of the Company's registered share capital by subscription for new shares, conditional registered share capital increase or an increase of the Company's registered share capital by subscription for shares or from the Company's own sources, but not from~~ except for the retained profit, at most by one ~~third~~ half of the amount of the registered share capital existing at the time when the Board of Directors is so authorised by the General Meeting ~~to decide on the registered share capital increase. The authorisation of the Board of Directors to decide as per the preceding sentence shall substitute the resolution of the General Meeting on the registered share capital increase shall substitute the General Meeting's decision on the increase. The authorisation and~~ shall specify
 - a) the nominal value, and class, type, and form of the shares to be issued for the purposes of the registered share capital increase ~~-, their type or indication that they will be issued as book-entered securities; and~~
 - b) which body of the Company will resolve on the valuation of an in-kind contribution based on an expert opinion, if the Board of Directors has been authorised to increase the registered share capital.

Within the scope of the authorisation, the Board of Directors may increase the registered share capital more than once, provided that the aggregate amount of the registered share capital increase does not exceed the limit specified in the authorisation. ~~If the Board of Directors has been authorised to increase the registered share capital by in-kind contributions, the authorisation shall~~

~~also stipulate which body of the company shall decide on the evaluation of the in-kind contribution based on an opinion of a court appointed expert or experts.~~

2. The authorisation to increase the registered share capital may be granted for no longer than five years from the day ~~of holding on which~~ the General Meeting ~~which adopted~~resolved on the ~~resolution on granting of the registered share capital increase. This authorisation. The~~ authorisation may be granted repeatedly.
3. If the Board of Directors ~~resolves~~ to increase the registered share capital by subscription for new shares, the priority right of shareholders to subscribe, in proportions corresponding to their share in the registered share capital, for part of the new shares that are being subscribed for with the aim of increasing the registered share capital, may not be excluded or restricted.
4. The resolution of the Board of Directors to increase the ~~Company's~~ registered share capital ~~must~~shall be ~~executed~~certified by a public deed and such resolution shall be registered in the ~~form of a notarial deed~~Commercial Register. The Board of Directors cannot resolve on the registered share capital increase outside its meeting in the manner described in Article 14 ~~(12) of these Articles of Association~~14) of these Articles of Association. The application for registration of the resolution of the Board of Directors may be combined with an application for registration of the new amount of the registered share capital in the Commercial Register.
5. ~~In the case of a registered share capital increase under this provision, the Board of Directors shall be authorised and required to amend the relevant section of these Articles of Association accordingly.~~

V. Registered Share Capital Reduction

Article 3429

Registered Share Capital Reduction

1. The General Meeting shall ~~decide~~resolve on reduction of the Company's registered share capital. It shall do so in accordance with the conditions stipulated by these Articles of Association and the legal regulations and in the manner indicated by them.
2. ~~The~~As a result of the reduction of the registered share capital, the registered share capital may not ~~be decreased~~drop below ~~its minimum~~the amount stipulated by law. The registered share capital reduction may not deteriorate the recoverability of claims by creditors.
3. ~~If the~~The Company ~~is required to reduce its registered share capital, it~~ shall use its own shares ~~or interim certificates for this purpose, if these exist~~that it has in its assets, to make a compulsory reduction of its registered share capital. In all other cases of registered share capital reduction, the Company shall ~~primarily~~first use its own shares ~~or interim certificates that it has in its assets~~. A different procedure for the registered share capital reduction may only be used if the above procedure pursuant to the previous sentence is insufficient for the registered share capital reduction to the extent determined by the General Meeting or if ~~the above~~this procedure does not meet the purpose of the registered share capital reduction.
4. Should the Company not have own shares ~~or interim certificate~~ in its assets, or should the use of ~~own~~these shares ~~or interim certificates be insufficient~~ under paragraph 3 ~~be insufficient of this Article~~ for the registered share capital reduction, the ~~registered share capital~~ Company shall ~~be reduced by reduction of~~reduce the nominal value of the shares, or ~~unpaid shares for which the Company issued interim certificates, or by refraining~~shall refrain from the issue of unpaid shares ~~for which the Company issued interim certificates~~.
5. A registered share capital reduction by withdrawing shares from circulation on the basis of drawing lots ~~or withdrawing shares from circulation on the basis of a public proposal~~ is inadmissible.
6. The Board of Directors shall file an application for the registration of the resolution of the General Meeting in the Commercial Register without undue delay. The application for the registration of the resolution of the General Meeting may be combined with an application for the registration of the new amount of the

registered share capital ~~reduction shall become effective upon its registration~~ in the Commercial Register.

Article 3230

Registered Share Capital Reduction by Reducing Nominal Value of Shares

1. If the Company's registered share capital is reduced by reducing the nominal value of the shares, it shall be reduced proportionally for all of the Company's shares, unless the purpose of the registered share capital reduction is a waiver of an unpaid part of the issued shares' issue price of shares.
2. The nominal value of ~~certificated shares or unpaid shares for which~~ interim certificates ~~have been issued~~ shall be reduced by exchanging the shares or interim certificates for shares or interim certificates with a lower nominal value or by marking the lower nominal value on the existing shares or interim certificates with the signature of the member(s) of the Board of Directors ~~authorised to represent the Company~~. The Board of Directors shall, in a manner ~~prescribed set out by law or the Business Corporations Act and the Articles of Association for convening the General Meeting~~, invite the holders of certificated shareholders holding shares or of interim certificates to submit them for ~~exchange or to be marked with their new nominal value procedure as described in the previous sentence~~ within ~~at the time~~ period determined by the General ~~Meeting's decision. If a Meeting. A~~ shareholder ~~fails to submit that is in default in submitting~~ the shares or interim certificates within the specified period, ~~it~~ shall not be authorised to exercise any shareholder rights attached to the shares or interim certificates until their submission and the Board of Directors shall ~~declare such shares or interim certificates invalid~~ apply the procedure set out in Sections 537 to 541 of the Business Corporations Act.
3. The nominal value of book-entered shares shall be reduced by changing the ~~record of information on~~ their nominal value in the record of book-entered securities defined by law, based on the Company's instruction. The instruction shall be accompanied with ~~an extract a statement~~ from the Commercial Register evidencing the registered share capital reduction.

Article 3331

Registered Share Capital Reduction by Refraining from Issue of Shares

1. The General Meeting can ~~decide resolve~~ on a reduction of the registered share capital by refraining from issuing shares to the extent ~~to which~~ the subscribers are in default in paying the nominal value of the shares, ~~if unless~~ the Company ~~does not proceed pursuant to Section 177 (4) and (7) of expels the Commercial Code, or Article 5 of these Articles of Association~~.
- ~~2. In refraining defaulting shareholder from issuing the Company.~~
2. If the Company has issued interim certificates for unpaid shares, the issue of unpaid shares shall be refrained from in such a manner that the Board of Directors shall invite the shareholder that is in default in paying the issue price or part of it to return submit its interim certificate within a period determined by the General Meeting. The Company shall not issue the shares represented by the interim certificate and it shall return to the subscriber, without undue delay after the ~~registration effectiveness~~ of the registered share capital reduction ~~in the Commercial Register~~, the part of the issue price paid by the subscriber, reduced by the Company's claims against the subscriber. ~~if the The~~ shareholder ~~fails to return that is in default in submitting~~ the interim certificate within the specified period, ~~it~~ shall not be entitled to exercise the shareholder rights attached to it until its return. ~~If the shareholder fails to submit the interim certificate in an additional period upon submission and~~ the Board of Directors invitation, ~~the Board of Directors shall declare it invalid shall apply the procedure set out in Sections 537 to 541 of the Business Corporations Act~~.

VI. Amendments ~~to~~ of the Articles of Association

Article 3432

Amendments ~~to~~ of the Articles of Association

1. The Articles of Association may be amended or altered on the basis of a resolution adopted by the General Meeting of the Company or on the basis of another legal fact.
2. Should the ~~Company decide to increase or reduce its registered capital,~~ General Meeting resolve to split shares or merge several shares into one ~~share~~, change the type or class of shares or restrict or change the transferability of registered ~~shares or change their transferability in another way or book-entered shares~~, the appropriate amendment ~~to~~ of the Articles of Association shall be effective as of the day of the entry of such facts into the Commercial Register. Other amendments of the Articles of Association that are subject to the resolution of the General Meeting shall become effective upon the General Meeting adopting such a resolution, unless it ensues from the resolution or from law that they shall become effective later.
3. If A resolution of a General Meeting ~~adopts a resolution~~ as a result of which the terms of the Articles of Association change, ~~such resolution~~ shall replace a resolution on amendments ~~to~~ of the Articles of Association. Such resolution of the General Meeting shall be certified by a public deed. Should it not ensue from the ~~General Meeting's~~ resolution ~~whether, and of the General Meeting~~ in what way, the Articles of Association should be amended, ~~this~~ their terms shall be ~~determined~~ decided by the Board of Directors in compliance with the ~~General Meeting's~~ resolution. of the General Meeting. The resolution of the Board of Directors amending the terms of the Articles of Association shall be certified by a public deed.
4. If the terms of the Articles of Association ~~change on the basis of any other legal fact~~ are amended, the Board of Directors of the Company shall draw up the full wording of the Articles of Association without undue delay after any member of the Board of Directors learns ~~thereof~~ about it.
5. ~~If Upon a change to~~ the class or type of shares ~~changes~~, the rights attached to such class or type of shares shall also change as of the effective date of the amendment to the Articles of Association, irrespective of the day when the shares are exchanged.
6. Upon transformation of book-entered shares into certificated shares and upon transformation of certificated shares into book-entered shares, the legal position of a shareholder will only change upon the replacement of the shares or upon the shares being declared invalid.

VII. Winding-up and Termination of the Company's Existence

Article 3533

Winding-up of the Company

1. The Company shall be wound ~~up~~ by a legal act, expiry of a term, decision of a public authority or upon completion of the purpose for which it was formed and for other reasons stipulated by law. A legal entity must be wound up with liquidation, unless all its assets are acquired by a legal successor or where otherwise stipulated by law.
2. The Company shall be wound up:
 - a) with liquidation
 - (i) upon expiry of the term for which it was formed;
 - (ii) upon the completion of the purpose for which it was formed;
 - (iii) on the day specified in the General Meeting's decision on determined by law or by the legal act concerning the winding-up of the Company, or otherwise on the day of adoption of such on which the legal act becomes effective; or
 - (iv) on the day on which a decision, if the Company of a public authority becomes legally effective, unless a later date is being wound up with liquidation stipulated in that decision;

- b) ~~on the day specified in the court's decision on winding up the company, or otherwise on the day when such a decision comes into legal force;~~
- e) ~~on the day specified in the General Meeting's decision if without liquidation upon transformation of the Company ceases pursuant to exist due to a merger, transfer of assets to a shareholder or de-merger, or otherwise on the day a special legal regulation as of adoption the effective date of such a decision; or transformation;~~
- d) ~~c) without liquidation upon cancellation of bankruptcy after the fulfilment of a distribution order or due to the fact that the Company's assets and liabilities are insufficient for covering the bankruptcy proceeding expenses assets are utterly insufficient provided that the Company's insolvency has been proven; however, the Company will enter the liquidation if certain assets appear after the termination of the insolvency proceedings.~~

Article 3634 **Liquidation of the Company**

The method of liquidating the ~~Company's liquidation~~ Company upon its winding-up shall be regulated by the applicable legal regulations.

Article 3735 **Termination of the Company's Existence**

The Company shall cease to exist upon its deletion from the Commercial Register.

VIII. Acting on behalf of the Company's Behalf Company

Article 3836 **Acting and Signing on behalf of the Company's Behalf Company**

1. The Company shall be represented by the Board of Directors, which is the Company's statutory body.
2. Two members of the Board of Directors jointly are authorised to act on the ~~Company's~~ behalf of the Company. When signing on ~~the Company's~~ behalf of the Company two members of the Board of Directors jointly shall attach their signatures and, where appropriate, information on their position to the Company's printed or written business name.
3. The members of the Board of Directors ~~shall determine which other employees may grant authorisations for acting on behalf of the Company shall be entitled to represent the Company towards third parties and to bind it.~~

IX. Common and Final Provisions

Article 3937 **Official Publication and Publication of Information**

1. If stipulated by the relevant legal regulations or by these Articles of Association, the Company is required to publish certain information in the Commercial Bulletin (*Obchodní věstník*).
2. The information that the Company is required to publish or make ~~it~~ known pursuant to the relevant legal regulations or these Articles of Association shall be published on the Company's website and in a manner in which it may be reasonably expected that the public in the European Union will learn about it, unless stipulated otherwise by law or these Articles of Association.

Article 4038 **Interpretation Provision**

If any provision of the Articles of Association appears invalid, ~~non-effective~~, ~~ineffective~~ or unenforceable due to the applicable legislation or changes therein, or if any provision is missing, the other provisions of the Articles of Association shall remain unaffected by this fact. Instead of such a provision, the provision of a relevant generally binding legal regulation which due to its nature and purpose is the closest to the contemplated purpose of such a provision; or, if the legal regulation does not include such a provision, a solution customary in business relations, shall apply.

Article 39
Subjection to the Business Corporations Act

The Company becomes subject to the Business Corporations Act as a whole. The registration of this fact is to be published in the Commercial Register in a manner allowing remote access pursuant to the Act on Public Registers of Legal Entities and Individuals.

Philip Morris ČR a.s.