

SHAREHOLDERS' AGREEMENT

ČESKÝ AEROHOLDING, A.S.

AS CZECH SHAREHOLDER 1

TRAVEL SERVICE, A.S.

AS CZECH SHAREHOLDER 2

SHAREHOLDERS' AGREEMENT

Parties:

- (i) **Český Aeroholding, a.s.**
With its registered office at 160 08 Prague 6, Jana Kašpara 1069/1, Czech Republic
Business Identification Number: 248 21 993
Entered in the Commercial Register maintained by the Municipal Court in Prague
Section B, File 17005
("CAH")



and

- (iii) **Travel Service, a.s.**
With its registered office at 160 08 Prague 6, K Letišti 1068/30, Czech Republic
Business identification number: 256 63 135
Entered in the Commercial Register maintained by the Municipal Court in Prague,
Section B, File 5332 ("TS")

(CAH, KAL, and TS are hereinafter referred to individually as "Party" and collectively as "Parties").

PREAMBLE

WHEREAS

- (A) CAH and [REDACTED] are shareholders of České aerolinie a.s., a joint-stock company incorporated under the laws of the Czech Republic, with its registered office at 160 08 Prague 6, Jana Kašpara 1069/1, Czech Republic, business identification number 457 95 908 (the "Company").
- (B) On April 10, 2013, CAH and [REDACTED] entered into a Shareholders Agreement concerning corporate governance at the Company (the "Shareholders' Agreement").
- (C) The Parties entered into a series of agreements on the sale and purchase of shares, regarding the transfer of a part of CAH's and [REDACTED] respective shares in the Company (see the definition below) from CAH to [REDACTED] and from [REDACTED] to TS (the "CAH SPA" and the "TS SPA", collectively referred to as the "SPAs"). As a result of these transactions TS shall acquire certain shares of the Company.

- (D) The Parties wish to ensure that the status of the Company as a [REDACTED] pursuant to the Regulation is not affected and intend to arrange their shareholders' rights within the Company accordingly.
- (E) The Parties desire to enter into this Agreement amending and restating the Shareholders' Agreement so as to (i) reflect the entry of a new shareholder and (ii) provide an adjusted framework for the mutual relationship and shareholders' rights of the Parties so that CAH and TS may act jointly as majority Czech shareholders of the Company.
- (F) The Parties reached full and mutual consensus regarding the below-mentioned matters.

THEREFORE, the Parties have on the date set out below entered into this Agreement amending and restating the Shareholders' Agreement (the "**Agreement**"), in accordance with Section 1746(2) of Act No. 89/2012 Coll., the Civil Code (the "**Civil Code**"). For the avoidance of doubt, it is hereby held that the Parties have agreed to subject this Agreement to the regime of the Civil Code within the meaning of Section 3028(3) of the Civil Code.

1. Definition and Interpretation

- 1.1 In addition to the expressions defined above, in this Agreement, the following capitalized terms used herein shall have the following meanings, irrespective of the fact whether used in singular or plural forms:

Board of Directors	means the board of directors of the Company.
Business Day	means any day that is not a Saturday, Sunday or other day on which banks are required or authorized by law to be closed in the Czech Republic.
Call Option	has the meaning stipulated in Clause 9.3.2.
Company	means České aerolinie a.s., a joint-stock company incorporated under the laws of the Czech Republic, with its registered office at Praha 6, Jana Kašpara 1069/1, Postal Code 160 08, the Czech Republic, business identification number 457 95 908.
Corporations Act	means Act No. 90/2012 Coll. on corporations and cooperatives.
Completion Date	means the date of effectiveness of the transfer of the portion of [REDACTED] Shares to TS in accordance with the TS SPA.
Conditions of Sale	has the meaning stipulated in Clause 12.1.
Conditions of Transfer	has the meaning stipulated in Clause 11.1.
Czech Shareholders	means CAH and TS Czech Shareholder shall refer to either CAH or TS.
Deadlock	has the meaning stipulated in Clause 9.1.1.
Deadlock Notice	has the meaning stipulated in Clause 9.1.1.
Encumbrance	means any encumbrance including lien, option, right of pre-emption, lease or any other right held, or claim that could be raised, by a third party.

EURO or €	means the lawful currency of the member states of the European Union who adopted a common currency in accordance with the Treaty of Europe.
Experts	means the following entities: <ul style="list-style-type: none"> (a) PricewaterhouseCoopers Česká republika, s.r.o., with its registered office at Praha, Hvězdova 1734/2c, Postal Code 140 00, business identification number 610 63 029, or any other person affiliated with this company and doing business in the Czech Republic; (b) Deloitte Advisory s.r.o., with its registered office at Praha 8, Karolinská 654/2, Postal Code 186 00 business identification number 275 82 167, or any other person affiliated with this company and doing business in the Czech Republic; (c) KPMG Česká republika, s.r.o., with its registered office at Praha 8, Pobežní 648/1a, Postal Code 186 00, business identification number 005 53 115, or any other person affiliated with this company and doing business in the Czech Republic; and (d) Ernst & Young, s.r.o., with its registered office at Praha 2, Karlovo náměstí 10, Postal Code 120 00, business identification number 267 05 338, or any other person affiliated with this company and doing business in the Czech Republic.
General Meeting	means general meeting of the Company, irrespective of whether regular, extraordinary or substitute (in Czech: <i>náhradní</i>).
Governmental Authority	means any nation or government, any state, municipality, locality or other political subdivision thereof and any entity, body, agent, commission or court, whether domestic, foreign or multinational, exercising executive, legislative, judicial, regulatory or administrative functions of, or pertaining to, government and any executive official thereof, including, without limitation, the Commission of the European Communities.
Initiating Party	has the meaning stipulated in Clause 9.1.1.
Insolvency Proceedings	means any form of bankruptcy, liquidation, composition, reorganisation, receivership, administration, arrangement or scheme with creditors, moratorium, interim or provisional supervision by the court or court appointee, whether in the jurisdiction of the place of incorporation or in any other jurisdiction, whether in or out of court.
Lock-Up Period	means a period of five (5) years after April 10, 2013.
Notice of Interest	has the meaning stipulated in Clause 12.2.
Notice of Purchase	has the meaning stipulated in Clause 11.2.
Notice of Sale	has the meaning stipulated in Clause 12.1.
Notice of Transfer	has the meaning stipulated in Clause 11.1.

Notified Party	has the meaning stipulated in Clause 9.1.1.
Potential Buyer	has the meaning stipulated in Clause 12.1.
Put Option	has the meaning stipulated in Clause 9.3.1.
Regulation	means Regulation (EC) No. 1008/2008 of the European Parliament and of the Council of 24 September 2008 on common rules for the operation of air services in the Community or any other subsequent Regulation replacing it.
Request	has the meaning stipulated in Clause 6.1.
Reserved Matters	means the matters specified in Schedule 3 (<u>Reserved Matters</u>).
Rules	means [REDACTED] at present in force.
SPA	means the agreement for the sale and purchase of shares dated April 10, 2013 regarding the transfer of a part of CAH's shares in the Company (see definition below) from CAH [REDACTED]
Shares	means any and all shares issued by the Company, irrespective of whether issued prior to, or after, the date of this Agreement.
Subject of Transfer	has the meaning stipulated in Clause 11.1.
Supervisory Board	means the supervisory board of the Company.
Tax or Taxation	means any form of tax, duties, levy, customs duty, deduction, fee, social or medical insurance contribution, or if applicable, any other similar payment irrespective of whether it is or is to be made in favor of a state, an entity established by a state, a self-governing unit, a medical insurance company, or another person acting in public interest, including corporate taxes, tax on wages, capital or other income, value added tax, property transfer tax, donation tax, inheritance tax, property tax, municipal taxes or fees, environmental taxes, and medical or social insurance contributions regardless of jurisdiction; for the avoidance of any doubts, this term shall also include any interest, fines, penalties, surcharges, and extra payments relating thereto (including with respect to any failure to file any return, report or any other filing required for the purposes of any of them), due, payable, levied, imposed upon or claim to be owed in any relevant jurisdiction.

- 1.2 Where in this Agreement a non-English term is given in brackets, in italics, or in italics and in brackets after an English term and there is any inconsistency between the non-English term and the English term, the meaning of the non-English term prevails.
- 1.3 Unless a contrary indication appears, a reference in this Agreement to:
- (a) Clause, or Schedule is a reference to Clause, or Schedule of this Agreement;
 - (b) a "subject" or a "person" includes any individual, legal person including the companies, corporations, association, institution, budget or allowance

organization of state, state or agency of a state, non-governmental organization, or any trust, joint venture, consortium or partnership (whether or not having separate legal personality);

- (c) **"regulation"** or **"law"** includes any statute, rule, directive, ordinance, decree, binding guideline or any other regulation, irrespective of its form, providing the person to whom it is addressed is bound to conduct in compliance with such regulation or is conducting in compliance with such regulation pursuant to the existing practice of government, state, public or supranational body, its department or section, regulatory body or local authority;
- (d) a provision of law is a reference to that provision as amended or re-enacted at the date of this Agreement taking into account any amendment or re-enactment, which it amends or re-enacts of such provision, being in force made under it provided that, to the extent permitted by law, as between the Parties, no such amendment or re-enactment shall apply for the purposes of this Agreement to the extent that it would impose any new or extended obligation, liability or restriction on, or otherwise adversely affect the rights of any Party;
- (e) **permit** or **authorisation** includes any permit, consent, licence, approval, decision, exception, statement, petition, authorisation, registration or other similar act;
- (f) **constitutive documents** of any company includes articles of association, by-law, deed of foundation, memorandum of association, articles of incorporation or any other similar documents regarding the relevant company;
- (g) references to **"time"** are references [REDACTED] time.

1.4 The headings in this Agreement are for convenience only and do not affect its interpretation.

1.5 Where the words **"include(s)"**, **"including"** or **"in particular"** are used in this Agreement, they are deemed to have the words **"without limitation"** following them, where not so followed.

1.6 Where the words **"controlling person"**, **"controlled person"**, **"affiliated person"**, or **"concern"** are used in this Agreement, they will be interpreted in accordance with Sections 74 et seq. of the Corporations Act. For the avoidance of doubt, the **"affiliated person"** means (i) the controlling person, (ii) the controlled person and (iii) persons controlled by the same controlling person as the controlled person, where **"control"** (including the terms **"controlled"** and **"controlling"**) means the possession, directly or indirectly, of the power to direct or cause the direction of the affairs or management of a person.

1.7 Provided any Party has a right or an obligation to make an offer, call, notification or any similar written act, it shall be deemed that its content shall be irrevocable and irreversible without consent of its addressee after its delivery.

2. Initial Provisions

2.1 Parties acknowledge and respect the Company's obligations under the Regulation and respective laws of [REDACTED]. Each Party undertakes to respect any new, amended or re-enacted regulation (irrespective of whether enacted by European Union or the Czech Republic) regarding the matters governed by the Regulation.

- 2.2 No Party will be entitled to exercise any of its rights hereunder, and each Party shall use its best efforts to avoid any action, which would affect the Company's status as a [REDACTED] under the Regulation or any other law(s) which supersede the foregoing.

3. Articles of Association

- 3.1 The Articles of Association of the Company contained in Schedule 1 (Articles of Association of the Company) is the currently effective one on the date of this Agreement.
- 3.2 The Parties agree to amend the Articles of Association of the Company as specified in Schedule 2 (Amendment of Articles of Association of the Company), which shall be completed on or before the Completion Date.
- 3.3 The Parties further undertake not to vote for any amendment of the Articles of Association of the Company without the prior consultation of such amendment with the other Parties except for the amendment pursuant to Clause 3.2. Any amendment of the Articles of Association of the Company agreed by the Parties pursuant to previous sentence shall be deemed to be an amendment of the principles set out in this Agreement.



4. Corporate Bodies of the Company

4.1 General Meeting


- 4.1.1 The scope of authority of the General Meeting shall correspond to the scope as specified in Schedule 2 (Amendment of Articles of Association of the Company).
- 4.1.2 The voting rights of all Company's shareholders at the General Meeting shall correspond to the percentage of registered capital held by each individual shareholder.
- 4.1.3 The General Meeting is quorate if shareholders holding the Shares that correspond to no less than sixty percent (60%) of the registered capital of the Company are attending the General Meeting. The 60% quorum does not apply to substitute General Meeting.
- 4.1.4 Subject to the higher majority required by the Corporations Act, other relevant law or the Articles of Association of the Company, the General Meeting is to pass any resolution regarding the Reserved Matters by an affirmative vote of at least two-thirds of the total voting Shares of all Company's shareholders. All other resolutions of the General Meeting are to pass by a simple majority of the votes of attending shareholders, unless the Articles of Association of the Company, the Corporations Act or other relevant law requires a higher majority.

4.2 Board of Directors

- 4.2.1 The Board of Directors is to comprise of four (4) members, including a chairman and a vice chairman.

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- 4.2.4 The Board of Directors is to decide on all Company's matters, provided these are not reserved by law or the Company's Articles of Association to the authority of the General Meeting or the Supervisory Board.
- 4.2.5 The Board of Directors is quorate if a simple majority of all its members is attending the meeting.
- 4.2.6 The Board of Directors is to decide, by a simple majority of attending members, on all its decisions except for: (i) passing the rules of procedure of the Board of Directors, (ii) decisions in the matters that require the prior consent of the General Meeting or Supervisory Board of the Company, (iii) decisions on consenting to transfer of Shares, (iv) appointment and recall of chairman and vice chairman of the Board of Directors, and (v) in the matters listed in Clause 4 in Schedule 7 in which cases a consent of all (not only attending) members is required.
- 4.2.7 The resolution of the Board of Directors set out in Schedule 4 (Supervisory Board's Consent) cannot be passed without the prior consent of the Supervisory Board.

4.3 Supervisory Board

- 4.3.1 The Supervisory Board is to comprise of three (3) members, including a chairman and a vice chairman.
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- 4.3.3 The scope of authority of the Supervisory Board shall correspond to the scope as specified in Schedule 2 (Amendment of Articles of Association of the Company).
- 4.3.4 The Supervisory Board is quorate if a simple majority of all its members is attending the meeting. For the avoidance of doubt, members of the Supervisory Board may attend and make decisions at a meeting of the Supervisory Board via teleconference.

4.3.5 The Supervisory Board is to decide, by a simple majority of all members (not only attending members), on all its decisions.

5. Management and Employees of the Company

- 5.1 The organization, appointment and dismissal of the Company's management and employees shall be in full and absolute discretion of the Board of Directors.
- 5.2 The Board of Directors is to appoint, and may dismiss, any manager, who under the Company's organization rules reports (is responsible) directly to any member of the Board of Directors provided that the Supervisory Board is notified of such appointment or dismissal in advance. The Company's Organizational Chart showing the identity of the members of the board of directors and the managers who report directly to any member of the Board of Directors are attached hereto as Schedule 6 (Company's Organizational Chart).

6. Consultations

- 6.1 Each Party may deliver to the other Parties a request for consultation (the "Request") and the Parties shall consult each matter mentioned in the Request no later than on the fifth (5th) Business Day after the delivery of the Request.
- 6.2 The Parties agree that they are entitled to consult the matters mentioned in the Request in any form agreed in each individual case including emails, telephone or video conference calls. Should the Parties not agree on a way of consultation, the consultation shall be held via telephone conference call(s). Should the Parties not agree on a way of consultation, the consultation shall be held on the fifth (5th) Business Day at 9 a.m. after the respective Request is delivered to the other Parties. Should the consultation be not held in writing (including emails), each Party may require the drawing up of the minutes of consultation.
- 6.3 The Czech Shareholders shall consult [REDACTED] on matters that could materially affect the protection of minority shareholder or spirit of mutual cooperation between the Company and [REDACTED] such as [REDACTED] of fleet level accommodating customer needs and purchasing of [REDACTED] in consideration of the foregoing factor, before making decisions thereon. To the extent that the Company's status as [REDACTED] under the Regulation is not adversely affected, Czech Shareholders shall respect [REDACTED] opinion on such matters.

- 6.5 Each Party undertakes, in its capacity as a shareholder of the Company, to act in accordance with the mutual agreement on each matter achieved during the consultation (if any). Each Party further undertakes to advise the members of the Company's corporate bodies to give full effect to agreements on all matters achieved during the consultation (if any).

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

15. Confidentiality and Announcement

15.1 Each Party undertakes to keep in confidence all information that the Party obtained or shall obtain within the process of negotiating and the subsequent fulfilment of this Agreement, including the provisions hereof. The Parties shall be obliged to procure that such information are kept in confidence also by all employees of the Parties as well as other persons who will be authorized to particular commission within the context of the realization of this Agreement.

15.2 Each Party may disclose any information pursuant to Clause 15.1:

- (a) to persons who belong to the same concern as the relevant Party;
- (b) if such disclosure is required by law, applicable exchange rules, or exclusively for the purpose of any judicial proceedings between the Czech Shareholders and [REDACTED] in relation hereto;
- (c) if such disclosure is lawfully required by any Governmental Authority having jurisdiction over it;
- (d) if such disclosure is required to facilitate the satisfaction of any conditions of transaction hereunder, in each case exclusively in relation hereto;
- (e) to its respective professional advisers, auditors, banks, insurers and financial institutions, which have a legitimate need or contractual right to know the same and which are aware of, and covenant directly in favor of that Party to observe, the restrictions in the terms of this Agreement and in relation to which disclosure that Party shall be liable for any breach of these terms and breach of such covenant;
- (f) if the confidential information concerned was lawfully in its possession (without breach of confidentiality) prior to its being obtained or received in relation hereto;
- (g) to the extent that the information has come into the public domain through no fault of that Party or any person to whom such confidential information has been disclosed by, or on the request of, that Party in relation hereto; and
- (h) if the other Parties has given prior written approval to the disclosure .

15.3 Any information pursuant to Clause 15.1 to be disclosed pursuant to Clause 15.2(b), 15.2(c) and 15.2(d) shall be disclosed only after consultation with the other Parties.

15.4 Each Party undertakes not to use the other Parties' confidential information for any other reason than fulfilment of this Agreement's subject matter or other agreements concluded between the Parties in relation hereto.

- 15.5 Notwithstanding the abovementioned Clauses, the information that shall not be deemed confidential is information which:
- (a) happened to become publicly accessible without any Party's wilful act or by negligence of such Party,
 - (b) results from a procedure by which any Party shall gain the information independently on information obtained from the other Parties, provided it shall be able to produce evidence regarding the foregoing,
 - (c) the respective Party stipulates in writing to be of such quality that it shall be not further affected by this Clause 15.
- 15.6 The obligations set out in this Clause 15 hereof shall apply thereto as of the effectiveness date of this Agreement and shall survive the termination hereof and remain in force [REDACTED]
- 15.7 Provisions of the precedent clause hereof shall not affect the right to business secret in the light of Section 504 of the Civil Code.

16. Payments

- 16.1 Any payment to be made hereunder shall be deemed to be paid at the moment of the crediting of the relevant amount to the account specified by the relevant Party in its notice or in an Agreement.
- 16.2 Any payment to be made hereunder must be paid to full extent without set-off, counterclaim or any other deduction. Notwithstanding the foregoing, in the case that any Tax or other deduction shall be required by the relevant law to be made by the obliged Party, it shall deduct the required amount from the payment due from that Party, shall make payment of the deducted amount to the relevant government authorities, and shall provide adequate evidence of such payment to the other Parties.
- 16.3 All payments under this Agreement shall be made in [REDACTED]
- 16.4 No Party shall be entitled to set off unilaterally any of its due receivables arising from this Agreement against any receivables of the other Parties arising from this Agreement or in connection herewith.

17. Communication

- 17.1 Any communication to be made under or in connection with this Agreement shall be made in writing and may be made:
- (a) by personal service,
 - (b) by courier, or
 - (c) by registered mail.
- 17.2 Each Party may also deliver notices to the other Parties by fax; in such a case, however, the sending Party shall send any document dispatched by fax promptly after its dispatch at least by any of the above-mentioned methods, otherwise the notice sent by fax shall not be deemed properly delivered. In addition, all notices shall also be sent to the other Parties by email.
- 17.3 Any communication shall be made to the following addresses and numbers:

To CAH:

Český Aeroholding, a.s.

For the attention of: Mr. Petr Vlasák
Address: Jana Kašpara 1059/1
160 08 Praha 6
Czech Republic

Email: [REDACTED]

To TS:

Travel Service, a.s.

For the attention of: Mr. Roman Vlk
Address: K Letišti 1068/30
160 08 Praha 6
Czech Republic

Email: [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

17.4 Any communication or document made or delivered by a Party to other Parties under or in connection with this Agreement will only be effective:

- (a) if by way of letter, when it has been left at the relevant address (including when it has been refused by addressee) or [REDACTED] Business Days after being deposited in the post postage prepaid in an envelope addressed to it at that address, or
- (b) if by way of fax, when the facsimile machine printed a confirmation on successful transmission of the whole message on the addressee's fax number.

17.5 Any communication under Clause 6 shall be carried out between the following contact persons:

For CAH:

Mr. Petr Vlasák

Address: Jana Kašpara 1069/1
160 08 Praha 6
Czech Republic

Telephone: [REDACTED]

Email: [REDACTED]

and in case of absence of, and as a deputy of, Mr. Petr Vlasák

Mr. Josef Adam

Address: Jana Kašpara 1089/1
160 08 Praha 6
Czech Republic

Telephone: [REDACTED]

Email: [REDACTED]

For TS:

Mr. Roman Vlk

Address: K Letišti 1088/30
160 08 Praha 6
Czech Republic

Email: [REDACTED]

and in case of absence of, and as a deputy of, Mr. Roman Vlk

Mr. Jiří Jurán

Address: K Letišti 1088/30
160 08 Praha 6
Czech Republic

Telephone: [REDACTED]

Email: [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

and in case of absence of, and as a deputy of, [REDACTED]

[REDACTED]

[REDACTED]

17.6 Any communication or document to be made or delivered under Clause 17.3 on other than the Business Day or after 4.00 p.m. on the Business Day (in a place of the delivery) shall be deemed to be delivered at 9.00 a.m. on the following Business Day (in a place of the delivery).

[REDACTED] Any notice given under or in connection with this Agreement must be in [REDACTED]

17.8 Each Party undertakes to promptly notify the other Parties of a change of any data set out in Clause 17.3 or Clause 17.5 without being obliged to execute an amendment to this Agreement. Such change shall become effective towards the other Parties upon the service of the relevant notice.

17.9 Should this Agreement stipulate that consent of any Party in response to the request from the other Parties seeking consent must be given in writing, such Party giving

consent may provide the written consent via email or facsimile, notwithstanding Clauses 17.1 and 17.2.

18. Governing Law and Jurisdiction

- 18.1 All mutual rights and obligations of the Parties hereunder shall be governed by the laws of [REDACTED] especially by the general provision of the [REDACTED]. The Parties have agreed that if there occurs during the existence hereof any matter that is not expressly or implicitly regulated hereby, such matter shall be reviewed and resolved in a manner equitable for all Parties with regard to the purpose hereof and, if possible, not to the detriment of the interests of any of them.
- 18.2 In case of a dispute arising from or in connection with this Agreement, the Parties shall make reasonable efforts to resolve it amicably.
- 18.3 If the amicable solution is not to be achieved within an appropriate time limit, all disputes that may arise from or in connection with this Agreement shall be finally resolved by arbitration in accordance with the Rules [REDACTED] in accordance with the Rules, which Rules are deemed to be incorporated by reference into this Agreement. The place of arbitration will be Singapore. The language used in the arbitral proceedings will be [REDACTED].

19. Final Provisions

- 19.1 Upon its entry into effect in accordance with Clause 14.1 thereof, this Agreement cancels, supersedes and replaces the Shareholders' Agreement, which shall cease to have any effect as from Completion Date. Notwithstanding anything to the contrary, from the time the transfer of [REDACTED] Shares to TS under the TS SPA becomes effective until when the transfer of the corresponding number of CAH's Shares to [REDACTED] under the CAH SPA becomes effective, [REDACTED] shall have the same rights under the Agreement as if its shareholding in the Company has remained the same as before any such transfer (e.g., no Reserved Matter shall be passed without [REDACTED] prior written consent). For the avoidance of doubt, the rights and obligations of Czech Shareholders under this Agreement shall be separate (in Czech "dílní"), i.e., in no event joint and several.
- 19.2 This Agreement represents the entire agreement between the Parties relating to its subject-matter and may be modified or amended solely by written amendments signed by Parties, except for changes referred to in Clause 17.8 hereof.
- 19.3 If any provision hereof becomes invalid or unenforceable for any reason whatsoever, such invalidity or unenforceability of this provision shall not affect the validity and effectiveness of the remaining provision, unless indicated by the nature or contents of such invalid or unenforceable provision that it cannot be separated from the rest of the Agreement. If any provision hereof becomes invalid or unenforceable, the Parties shall begin negotiations for the purpose of new regulation of their mutual relations in order to preserve the original intent of the Agreement.
- 19.4 This Agreement shall be concluded for the benefit of, and be binding upon, the Parties and their respective successors. No Party may assign any of its rights or delegate any of its obligations hereunder without the written consent of the other Parties save for transfers under Clause 10.3.
- 19.5 Each Party shall be liable for its own costs and expenses, including any advisors costs, in connection with negotiation and execution of this Agreement as well as performance hereof, unless this Agreement stipulates otherwise.

19.6 The following schedules form the integral part hereof:

- Schedule 1 - Articles of Association of the Company
- Schedule 2 - Amendment of Articles of Association of the Company
- Schedule 3 - Reserved Matters
- Schedule 4 - Supervisory Board's Consent
- Schedule 5 - Other Matters
- Schedule 6 - Company's Organizational Chart
- Schedule 7 - Exercising of Voting Rights of the Czech Shareholders

19.7 This Agreement is made in three (3) counterparts in the English language and any translation of this Agreement into any foreign language including Czech shall only be for reference. In case of any discrepancy between the English and any translated version, the English version shall prevail.

19.8 The signing page follows after the last of the Schedules.

Schedule 1 Articles of Association of the Company

Translation from Czech/

**ARTICLES OF ASSOCIATION
OF ČESKÉ AEROLINIE a.s.***

**Approved by the General Meeting of the Company held on December 19, 2013, effective
from January 1, 2014**

I – BASIC PROVISIONS

Article 1

Foundation and Establishment of the Company

1. Československé aerolinie a.s. was founded on the strength of the foundation deed of Jul. 8, 1992, in compliance with the laws of the Czech and Slovak Federative Republic and incorporated in the Commercial Register on August 1, 1992. In view of the division of the CSFR into two independent states, since January 1, 1993 the Company has been a legal entity of the Czech Republic.
2. At the General Meeting on February 24, 1995 it was decided on changing the trading name of the Company to **České aerolinie a.s., abbreviated to ČSA a.s.** (hereinafter referred to only as the Company) whilst the registered trademarks of the ČSA/CSA Company has remained unchanged. In connection with the change of the name no amendments were made in the legal status of the Company or its financial and legal obligations. All of the obligations arising from the existing contracts concluded by Československé aerolinie were assumed by České aerolinie a.s. at the full scope.

Article 2

Trading Name and Registered Seat of the Company

1. The trading name of the Company is "České aerolinie a.s."
2. The registered seat of the Company is Prague.
3. The Company was allocated with the Company Registration No. („Registr. No.“): 45 79 59 08.
4. The Company was allocated with the Tax Identification No. CZ45 79 59 08.

Article 3

Period of the Company Duration

1. The Company has been set up for an indefinite period of time.

Article 4

Entries of the Data about the Company in the Commercial Register

1. The data about the Company are to be entered in the Commercial Register with the Municipal Court in Prague, Section B, Insert No. 1662.

2. The Company is bound to file documents in the collection of deeds, which is a part of the Commercial Register, at the scope prescribed by law.

Article 5
Scope of Business Activities

The scope of business activities of the Company is:

- Operating commercial air transportation,
- Aviation work,
- Restaurant activities,
- Business activities in the area of dangerous waste disposal,
- Production, trade and services not included in Schedules Nos. 1 to 3 of the Trades Licensing Act,
- Job arrangement,
- Providing services during the handling and check-in process at Prague – Ruzyně Airport.

Article 6
Registered Capital of the Company and Method of the Payment of the Issue Price of the Shares

1. The registered capital of the Company amounts to **CZK 5,235,510,000.00** (in words: five billion two hundred and thirty five million five hundred and ten thousand Czech crowns).
2. For the subscription of new shares both the monetary and non-monetary investment contributions are admissible. The non-monetary investment contributions must be valued by an expert in compliance with law.

Article 7
Shares of the Company

1. The registered capital of the Company is apportioned into 1,047,102 registered shares with the nominal value of CZK 5,000.00 (in words: five thousand Czech crowns) in the form of registered shares, with limited transferability.
2. Shares provide the shareholders of the Company with the same rights, namely the right to participate in its management, to share in the profit as well as the liquidation balance upon the Company dissolution along with the right to participate in the General Meeting and cast their vote there.
3. A share must contain:
 - The trading name and registered seat of the Company;
 - Its nominal value;
 - An indication of the type of the share (that is to say that it concerns a registered share);
 - The trading name, the company name or name of the shareholder;

- The amount of the registered capital and the number of shares on the date of the share issue;
 - The numerical classification;
 - The signature of a member/members of the Board of Directors, who are authorised to act in the name of the Company on the date of the issue of the shares with the possibility of reproducing the signatures on the shares mechanically.
4. The Company keeps a list of shareholders subject to the applicable legal regulations. In response to a shareholder's written request, and solely against his reimbursement of the cost, the Company shall provide such a shareholder with a copy of the list of all shareholders or the required part of such a list, and do so no later than within seven days from the delivery of his request.
 5. The shares of the Company may be issued in the form of global deeds replacing individual shares. The global deeds are issued in paper form and must have the essentials prescribed for registered shares. In addition, they must contain the information about the shares, which are replaced with it.
 6. If global deeds are issued to shareholders, then any shareholder may request that the Company exchange the global deeds for individual shares or for different global deeds. Within 20 days from receiving the written request for the exchange of the global deeds for individual shares or for different global deeds, the Company shall invite the shareholder to collect the individual shares or more precisely global deeds, stating the date, time and place of the handover and the exchange is to take place within thirty days from the delivery of the written request of the shareholder of the Company. A handover and acceptance report shall be drawn up about the exchange of the global deed for individual shares or for different global deeds and it shall be signed by the accepting and handing-over parties.

Article 8

Transferability of the Shares, Restrictions of the Share Transferability

1. A share shall be transferable by endorsement and delivery. An endorsement shall state the trading name and the registered seat of the legal entity, or the name and place of residence of the natural person, to whom (which) the share is to be transferred, and the date of its transfer. In relation to the Company the share transfer becomes effective from the day when in accordance with the following provisions it was approved by the Board of Directors after the previous consent from the Supervisory Board of the Company, and the change in the person of the shareholder was entered in the list of shareholders.
2. The share transfer is conditioned by the consent of the Board of Directors after the previous consent from the Supervisory Board. The share transfer agreement shall not become effective until the Board of Directors has voiced its consent after the previous consent from the Supervisory Board. This consent must be made in writing or it must be included in the minutes of a meeting of the Board of Directors after the previous consent from the Supervisory Board. Unless the share transfer agreement becomes effective within 3 months after its conclusion, either party may withdraw from the agreement.

3. The Board of Directors shall be bound to refuse to give consent to the share transfer always if such a transfer would change the status of the Company as an air carrier of the Community under Regulation (EC) No. 1008/2008 of the European Parliament and of the Council.
4. The share transfer carried out contrary to these provisions shall be deemed invalid, ineffective and the change shall not be entered in the list of shareholders.
5. Pledging of the shares is conditioned by the consent of the Board of Directors after the previous consent from the Supervisory Board. The share pledging agreement shall become effective after the Board of Directors voiced its consent after the previous consent from the Supervisory Board. If after the previous consent from the Supervisory Board the Board of Directors does not decide about giving its consent within two months from the day of the delivery of the request, then it shall apply that the consent has been given. The sale of the pledged shares in the course of the realisation of the right of lien shall not be subject to the consent of the Board of Directors and the Supervisory Board.

Article 9 **Issue of Bonds**

1. Based on the decision of the General Meeting, adopted by a two-thirds majority of the authorised shareholders present, the Company may issue bonds with warrants attached, namely the right to be exchanged for shares of the Company (convertible bonds) or the pre-emptive right to subscribe to shares (priority bonds), if it simultaneously decided on the conditioned increase of the registered capital.
2. The method of the bond issue shall be governed by the generally binding regulations.

II – RIGHTS AND OBLIGATIONS **OF SHAREHOLDERS**

Article 10 **Rights and Obligations of Shareholders**

1. Under the legal terms and conditions, a shareholder shall be entitled to a share of the Company's profit (a dividend), which the General Meeting approved for division to shareholders taking into account the Company's financial results. This share shall be determined as the ratio between the nominal value of the shareholder's shares and the nominal value of all of the shareholders' shares. The right to the payment of the dividend shall be separately transferable from the day when the General Meeting decided on the dividend payout. A shareholder is not bound to refund to the company any dividend accepted in good faith. The Company shall start the dividend payout within 3 months from the day when the General Meeting adopted the decision on the profit division and its payout. Dividends are to be paid out in the registered seat of the Company.

2. For the period of the existence of the Company, even in the case of its winding up, the shareholder shall not be entitled to claim a refund of his investment contributions. The following payments shall not be considered to be the return of the investment contributions: a payment provided as a result of a reduction in the registered capital, a payment provided upon the purchase of shares by the Company, a payment provided upon the return of the interim certificate or upon declaring it null and void, a payment provided when dividing the share in the liquidation balance. In the case of winding up the Company with liquidation the shareholder shall be entitled to a share in the liquidation balance.
3. A shareholder is entitled to participate in the management of the Company, i.e. to attend General Meetings, cast his vote there, ask for and receive an explanation of matters relating to the Company, if such an explanation is necessary for the assessment of the subject of discussions at the General Meeting, and put forth proposals and counterproposals. When it concerns counterproposals to proposals whose content was stated in the invitation to such a General Meeting or in the instance when a notarial deed is to be drawn up about the decision of the General Meeting, a shareholder is obliged to deliver the written wording of his proposal or counterproposal at least five business days before the day of the General Meeting. This shall not apply if nominations for the election of specific persons to Company bodies are involved. However, the Board of Directors shall publish the counterproposal, together with its opinion, if possible three days before the scheduled date of the General Meeting.
4. A shareholder shall have the same entitlement to be given an explanation with respect to matters relating to entities controlled by the Company, which are on the agenda of the General Meeting.
5. A shareholder has the pre-emptive right to subscribe to a part of new Company shares subscribed in order to increase the registered capital at the extent of his ratio in the Company registered capital, if the shares are subscribed by monetary investment contributions. This right may be restricted or ruled out only by the decision of the General Meeting and solely in the important interests of the Company.
6. A shareholder may request from the Board of Directors a copy of the minutes of a General Meeting or a part thereof for the entire existence of the Company. The copies shall be made at the expense of the shareholder.
7. A shareholder may demand that the court pronounces a resolution of the General Meeting to be invalid, should such a resolution be contrary to the statutory provisions, the Dood of Association or the Articles of Association of the Company. This right shall lapse if not asserted within three months from the day when the General Meeting was held, or, if the General Meeting was not properly convened, then from the day when he could have learned about the holding of such a General Meeting, but no later than within one year. If the reason for the petition is the fact that the contested resolution was not adopted by the General Meeting, because it had not voted on it or because the content of the contested resolution does not match the resolution adopted by the General Meeting, it is possible to file a petition within three months from the day when the petitioner learned about the contested resolution, but no later than within one year from the day when the General Meeting was held or was allegedly held. The invalidity of the resolutions of the General Meeting may be sought not only in cases provided for by law.

Article II
Qualified Shareholder

1. A shareholder or shareholders of the Company complying with the conditions set by the law in respect of the qualified shareholders) may request that the Board of Directors convene an extraordinary General Meeting for discussing the proposed issues. The Board of Directors shall convene an extraordinary General Meeting in a way so that it takes place no later than within 40 days from the day, on which it received the request for its convening, where the invitations to it must be sent to shareholders no later than within 15 days from its scheduled date.
2. At the request of the qualified shareholder:
 - a) the Board of Directors shall include matters raised by them in the agenda of the General Meeting provided each of the items of the proposal is accompanied with the reasoning or a draft resolution;
 - b) the Supervisory Board shall review the performance of the scope of powers by the Board of Directors in the matters specified in the request;
 - c) the Supervisory Board shall exercise the claim for damage compensation, which is due to the Company from a member of the Board of Directors;
 - d) the Board of Directors shall exercise the penalty procedure against shareholders who are in delay in settling the issue price.
3. The qualified shareholder shall be entitled to exercise the claim for loss compensation or for the payment of the issue price of the shares itself in the name of the Company, should the Board of Directors or Supervisory Board fail to grant its request without unnecessary delay.
4. Furthermore, the qualified shareholder shall be entitled to petition the court for the appointment of an expert for the reviewing of the report on relations between the controlled entity and related entities should a serious reason therefor arise.
5. Should the Board of Directors fail to convene an extraordinary General Meeting pursuant to Sub-section 1 in a way so that it takes place no later than within 40 days from the delivery of the request, at the request of the qualified shareholder the court shall rule on authorizing this qualified shareholder to convene the extraordinary General Meeting. The costs of this General Meeting shall be borne by the Company and members of the Board of Directors shall have joint and several liability for this obligation.
6. Should the Supervisory Board or the Board of Directors fail to grant the request of the qualified shareholder pursuant to Sub-section 2, Letter c) or d) without unnecessary delay, the qualified shareholder may exercise the claim for loss compensation or for the payment of the issue price itself in the name of the Company. In this case the costs shall be borne by the Company.

III – BODIES OF THE COMPANY

Article 12

Structure of the Company Bodies

1. The Company has the following bodies:
 - a) General Meeting;
 - b) Board of Directors;
 - c) Supervisory Board.
2. With its resolution to amend these Articles of Association the General Meeting may set up other Company bodies, define their powers, including their relation to the existing bodies of the Company, the method of making decisions and determine the duration of the office of its members.

IIIa – GENERAL MEETING

Article 13

Status and Scope of Powers of the General Meeting

1. The General Meeting is the supreme body of the Company.
2. The regular General Meeting takes place in the registered seat of the Company, at least once a calendar year, however no later than within six months from the last day of the previous accounting period. Other General Meetings convened by the Board of Directors, Supervisory Board or at the request of the qualified minority are extraordinary General Meetings.
3. The scope of sole powers of the General Meeting include:
 - a) Decisions on amendments of the Articles of Association, with the exception of the following cases:
 - ai) Amendments of the Articles of Association resulting from the increase of the registered capital by the Board of Directors pursuant to the law;
 - aii) Amendments of the Articles of Association which occurred on the basis of other legal facts;
 - b) Decisions on the increase or reduction of the registered capital or on the authorisation of the Board of Directors to increase the registered capital or on the possibility of setting off a monetary claim due from the Company against a claim for settlement of the issue price or decisions on the issue of share warrants or a decision on the simultaneous reduction and increase of the registered capital, or on the authorisation of the Board of Directors to disclose the sum of the registered capital reduction with the corresponding new nominal values of the existing shares of the Company in the manner prescribed by law and these Articles of Association;

- c) Decisions on the reduction of the registered capital and the decision on issuing convertible and priority bonds;
- d) Decisions on the increase of the registered capital by non-monetary investment contributions;
- e) The approval of the long-term concept and strategy of the Company development;
- f) The election and removal of the members of the Board of Directors and the Supervisory Board with the exception of the members of the Supervisory Board elected and removed by the employees in compliance with law and these Articles of Association;
- g) The approval of the annual or extraordinary financial statements and consolidated financial statements and in the cases set out by law, also the interim financial statements;
- h) Decisions on the division of profit and the determination of dividends and Directors' fees as well as allocations into individual funds;
- i) Decisions on the method of covering the losses of the Company;
- j) Decisions on the determination of Directors' fees for the members of the Board of Directors and the Supervisory Board;
- k) Decisions on applying for the listing of the participating securities of the Company pursuant to a special legal regulation or on revoking their listing;
- l) Decisions on the winding up of the Company with liquidation, the appointment and removal of the liquidator including the determination of the amount of his remuneration, the approval of the proposal for the liquidation balance division;
- m) Decisions on merger, transfer of assets to a single shareholder or on division, and possibly on the change of the legal status;
- n) Decision on the conclusion of an agreement with its subject matter being the transfer of the business enterprise or its part, or the lease of the business enterprise or a part thereof, creation of the right of lien on the business enterprise or a part thereof;
- o) The approval of a controlling contract, a profit transfer agreement and silent partnership agreement, and their amendments;
- p) Providing previous consent to the conclusion of a loan contract, credit contract or guarantee agreement with persons showing conflict of interest or contracts, whose content is to secure the liabilities of these persons or the free of charge transfer of assets out of the Company; these contracts may be concluded only under the terms and conditions usual in business practice;
- q) Setting up profit-based funds and reserve funds;

- r) The approval of the annual report including the report of the Board of Directors on the business activities of the Company and the balance of its assets;
- s) Decisions on changes in the business activities of the Company;
- t) Decisions on the change of the type or form of shares and on changes in the rights attached to a certain type of shares and on the change of restrictions in their transferability;
- u) Decisions on the change of the form of shares issued in the form of stock certificates to dematerialised shares and vice versa;
- v) Decisions on ruling out or restricting pre-emptive rights for the acquisition of convertible and priority bonds or for the subscription of new shares;
- w) Decisions on acquiring the Company's own shares;
- x) Decisions on shares splitting into more shares of a lower nominal value or on joining more shares into one share;
- y) Decisions on the performance of a legal, economic, technical or possibly ecological audit (the "due diligence" process) and the disclosure of the information arising from it in connection with the transfer of shares or possibly an ownership interest or in the instance of the increase of the registered capital of the Company;
- z) Decisions on the volume of finances, which the Company may use for providing sponsorship gifts within the set period of time;
- aa) Decisions on founding or dissolving trading companies, if the share in the registered capital or more precisely the value of the ownership interest in each individual case exceeds CZK 10,000,000.00 (in words: ten million Czech crowns) also outside of the territory of the CR;
- bb) Decisions on the creation, cessation, increase or reduction of the ownership interest in other trading companies or associations, if the ownership interest in a trading company exceeds, or shall exceed, as a result of such an act, 33% of the registered capital of the relevant trading company or the value of the ownership interest in each individual case exceeds CZK 10,000,000.00 (in words: ten million Czech crowns) also outside of the territory of the CR;
- cc) Decisions on the acceptance of any guarantees, or providing other security for liabilities of third parties starting from the value of CZK 10,000,000.00 (in words: ten million Czech crowns) in each individual case;
- dd) The approval of agreements on the performance of the office of the Board of Directors and the Supervisory Board members, work and similar agreements concluded with the

Board of Directors and the Board of Directors members, remuneration of members of the Board of Directors and the Supervisory Board and rules for providing possible extra settlements to the members of the Board of Directors and the Supervisory Board;

- ec) The determination of an auditor for the annual, extraordinary and consolidated financial statements of the Company;
- ff) If an audit committee has been set up under the provisions of Act No. 93/2009 Coll., on Auditors, as amended by subsequent legal regulations, the approval of the agreements on the performance of the office of members of the audit committee and rules for providing possible extra settlements to the members of the audit committee;
- gg) Decision on granting stock option in respect to shares of the Company;
- hh) Decisions on other matters which the law or these Articles of Association place within the scope of powers of the General Meeting.

Article 14

Participation in the General Meeting

1. A shareholder shall participate in the General Meeting in person, through a person authorised to act in his name as a statutory body or a member of a statutory body or by proxy under the written power of attorney (hereinafter referred to only as the shareholder present). A member of the Board of Directors or the Supervisory Board of the Company cannot be a proxy of a shareholder.
2. Members of the Board of Directors and members of the Supervisory Board may participate in a General Meeting. An auditor is entitled to participate in the relevant part of the session of the General Meeting in order to inform shareholders, who are to approve the financial statements and annual report of the Company at the General Meeting, about the auditor's findings.
3. All the persons present at the General Meeting are to identify themselves with a valid identity card.
4. When a shareholder is represented by proxy, the representation shall not be valid unless a written power of attorney, which specifies the scope of the representative's powers, is presented. If it concerns the representation of a legal entity, the representatives shall also present the document substantiating their authorisation to act, that is to say for example the current certificate of incorporation or an abstract from a different register, a document substantiating the election of a mayor – etc., from which it must be obvious who is authorised to grant the power of attorney to the proxy on behalf of the principal.
5. If the shareholder is a foreign entity, then the documents submitted for registration under the previous Sub-section must be attached with the Apostille certificate unless an international treaty, which the Czech Republic is bound by, stipulates otherwise.

6. Documents not containing the essentials or authorisations subject to Sub-sections 4 and 5 shall not be taken into account.
7. The shareholders present shall be registered in the list of the shareholders present, which contains: the trading name or name and the registered seat of the legal entity, or the full name and place of residence of the natural person that is a shareholder or possibly shareholder's representative, the numbers of stock certificates and the nominal value of shares which entitle the person present to vote, and if appropriate, the information that a share does not entitle its holder to vote. If the Company refuses to register a certain person in the list of the persons present, it shall enter this fact in the list of the persons present with the reason for this rejection. The correctness of the list of the persons present is certified with the signatures of the Chairman of the General Meeting and the minute taker.

Article 15

Convening of the General Meeting

1. The General Meeting is convened by the Board of Directors, or its member if the Board of Directors did not rule on the convening of the General Meeting without unnecessary delay and the law imposes the convening of the General Meeting or if the Board of Directors has lacked a quorum for a long period of time.
2. If it is in the interests of the Company the General Meeting is to be convened by the Supervisory Board, which shall propose necessary measures there.
3. Under the terms and conditions specified by the law, the court may authorise the qualified shareholder to convene an extraordinary General Meeting and enter into all acts connected therewith.
4. The Board of Directors shall convene the General Meeting without unnecessary delay after it has established that the total loss of the Company recorded in any financial statements reached such an amount that if settled from the available resources of the Company, the unsettled loss would reach a half of the registered capital, or if it is possible to assume this, taking into consideration all the circumstances, or if it discovers that the Company went bankrupt, and proposes that the General Meeting wind up the Company or adopt another measure, unless law specifies otherwise.
5. The Board of Directors shall also convene an extraordinary General Meeting if its convening is requested in accordance with the legal requirements, by the qualified shareholder, which puts forth specific matters to be discussed. Should the Board of Directors fail to convene it in a way so that it takes place no later than within 40 days from the day when it received the request for its convening, the qualified shareholder may petition the court pursuant to Sub-section 3 of this Article seeking the decision, in which the court shall authorize the qualified shareholder itself to convene an extraordinary General Meeting and to enter into all acts connected therewith.
6. The General Meeting is to be convened by invitations, which must be sent to all shareholders at the address of their registered seat or place of residence given in the shareholders' list no later than 30 days before the day of the General Meeting. This period shall be shortened to 15 days if it concerns the convening of a substitute General Meeting and an extraordinary

General Meeting at the request of the qualified shareholder. Within the same periods of time invitations are to be sent to all members of the Board of Directors and the Supervisory Board.

7. An invitation to a General Meeting contains:
 - a) The trading name and registered seat of the Company;
 - b) The place, date and hour of the General Meeting;
 - c) An indication of whether the convened General Meeting is regular, extraordinary or substitute;
 - d) The order of the General Meeting agenda;
 - e) The terms and conditions for the performance of shareholder's rights at the General Meeting, specifically a list of documents, which the shareholders are to present at the General Meeting in accordance with Article 14 hereof;
 - f) If the approval of the financial statements is on the agenda, then the invitation shall also contain the main data from these financial statements plus the date and place, where the financial statements may be viewed by the shareholders of the Company;
 - g) If an amendment of the Articles of Association is to be on the agenda of the General Meeting, then the invitation must at least characterise the essence of the proposed amendments and the draft Articles of Association must be available to shareholders for viewing at the registered seat of the Company within the period set for convening the General Meeting. A shareholder is entitled to request having a copy of the draft Articles of Association sent to him at his own risk and expense. Shareholders must be notified about these rights in the invitation;
 - h) Other essentials prescribed by law (e.g. in the instance of the registered capital increase or reduction, Company transformation), by the Articles of Association or a decision of the body, which is convening the General Meeting.
8. The General Meeting may be called off or its date postponed. Calling off the General Meeting or a change in its date must be communicated in the same manner used for convening the General Meeting, no later than one week before the scheduled day of the General Meeting. If such a notification was not given at least one week before the scheduled day of the General Meeting the shareholders who arrive on the basis of the original invitation shall be entitled to be compensated for their purposely expended costs. An extraordinary General Meeting convened at the request of the qualified shareholder may be called off or its date may be postponed to a later day only if the qualified shareholder so requests.
9. At the request of the qualified shareholder, which was sent to the Board of Directors after the invitation to the General Meeting having been sent, the Board of Directors may supplement the agenda of the General Meeting within the period of ten days before the scheduled day of the General Meeting in the manner set for convening a General Meeting; if such a disclosure is not possible, the matter in question not included in the agenda can be decided on only if all of the shareholders of the Company are present and agree therewith.

Article 16

Quorum and Substitute General Meeting

1. The General Meeting has a quorum, if there are shareholders present, holding shares with the nominal value exceeding 60 % of the registered capital of the Company.
2. When establishing whether the General Meeting has a quorum in order to make decisions, the shares or interim certificates, which are not attached with the right to cast a vote or if it is

not possible to exercise the right to cast a vote attached to them under the law or these Articles of Association, shall not be taken into account.

3. If the General Meeting lacks a quorum after the lapse of one hour from its scheduled beginning, then the person authorised to open the session shall disband the General Meeting. Afterwards, the Board of Directors shall convene a substitute General Meeting in a way ensuring that it takes place no later than within 30 days from the day, on which the original General Meeting was convened. The new invitation must be sent at least 15 days from the day, on which the original General Meeting was convened and the notification period of the scheduled substitute General Meeting is shortened to 15 days.
4. The substitute General Meeting must have an unchanged agenda and shall have a quorum regardless of the provisions of Sub-section 1.

Article 17

Sessions of the General Meeting

1. The General Meeting shall elect its Chairman, a minute taker, two verifiers of the minutes and persons in charge of counting the votes (scrutinisers). At the proposal of the Board of Directors these officials are elected in a public vote, by a simple majority of votes of the shareholders present.
2. A session of the General Meeting is chaired by its Chairman, until his election the General Meeting is chaired by an authorised member of the body that convened the General Meeting. If the General Meeting was convened by a court ruling at the request of the qualified shareholder, the court may appoint the Chairman of the General Meeting even without a proposal.
3. The Chairman of the General Meeting shall be bound to ensure the reading of all of the proposals and counterproposals at the General Meeting as well as requests for explanations made by shareholders, if these relate to the agenda of the session of the General Meeting and if the shareholders insist on these being read at the General Meeting. Moreover, he shall be obliged to ensure at the General Meeting answers to requests for explanations made by shareholders concerning the matters relating to the Company, which are on the agenda of the General Meeting, unless pursuant to the law it concerns information, the disclosure of which, could bring about a detriment to the Company or information, which forms a business secret of the Company or it is confidential information or classified information under special legislation.
4. Proposals, counterproposals, requests for explanations and protests are to be submitted exclusively in writing. However, a shareholder shall be entitled to provide verbal commentary of his written submission.
5. The Board of Directors shall ensure the preparation of the minutes of the General Meeting within 30 days after its end. The minutes must contain:
 - a) The trading name and registered seat of the Company;
 - b) The place and time of the General Meeting;
 - c) The name of the Chairman of the General Meeting, minute taker, verifiers of the minutes and persons in charge of counting the votes;

- d) The description of the discussed items on the agenda;
 - e) The decisions of the General Meeting stating the results of the voting;
 - f) The content of the protest of a shareholder, a member of the Board of Directors or a member of the Supervisory Board if the protesting person so requires;
 - g) The minutes of the General Meeting shall be enclosed with proposals and statements submitted to the General Meeting for discussion and the list of the people present at the General Meeting.
6. A notarial deed is to be made about the decisions specified in Article 13, Sub-section 3, Letters a), b), c) and furthermore in the instance of decisions:
- a) On the winding up of the Company with liquidation and the plan for the liquidation balance division;
 - b) On the change of the type or form of shares;
 - c) On the change of rights attached to a certain type of shares;
 - d) On the restriction of the registered share transferability;
 - e) On the revocation of the share's listing;
 - f) On ruling out or restricting pre-emptive rights for the acquisition of convertible and priority bonds;
 - g) On ruling out or restricting pre-emptive rights for the subscription to new shares;
 - h) On the approval of a controlling contract;
 - i) On the approval of a profit transfer agreement and its amendments;
 - j) On the increase of the registered capital by non-monetary investment contributions;
 - k) On joining of the shares;
 - l) On other cases provided for by law.
7. The minutes of the General Meeting together with the notification of the General Meeting and the list of the shareholders present, including the submitted powers of attorney, shall be kept in Company's files for the entire period of its existence.

Article 18

Voting and Decision-making at the General Meeting

1. Each share of the Company of the nominal value of CZK 5,000.00 (in words: five thousand Czech crowns) is connected with one vote.
2. The voting at the General Meeting is carried out by ballot unless the General Meeting decides otherwise. The proposals including counterproposals are voted on in the order in which they were submitted. As soon as a proposal is adopted, a counterproposal or other proposals concerning the same matter shall not be voted on.
3. A decision of the General Meeting must be approved by a simple majority of votes of the shareholders present, unless the law or the Articles of Association of the Company require a different majority.
4. Decisions:
 - a) On the amendments of the Articles of Association unless it concerns amendments resulting from the increase of the registered capital by the Board of Directors pursuant to the law or amendments which occurred on the basis of other legal facts;

- b) On the increase or reduction of the registered capital including or on the authorisation of the Board of Directors pursuant to Section 210 of the CC or on the possibility of setting off a monetary claim due from the Company against a claim for settlement of the issue price or on the issue of share warrants or on the simultaneous reduction and increase of the registered capital, or on the authorisation of the Board of Directors to disclose the sum of the registered capital reduction with the corresponding new nominal values of the existing shares of the Company in the manner prescribed by law or these Articles of Association;
- c) On the reduction of the registered capital and on the issue of bonds;
- d) On the winding up of the Company with liquidation and the proposal for the liquidation balance division;
- e) On the conclusion of a contract on the strength of which a business enterprise or a part thereof is being transferred, or leased, or on creating the right of lien on the business enterprise or a part thereof;
- f) On filing an application for acceptance of the Company's subscriber securities for trading on a European regulated market or foreign market similar to a regulated market;
- g) On declaration of share dividends and distribution of Company's profit;
- h) On discontinuation of existing core businesses of the Company as specified in the Commercial Register (i.e. operating commercial air transportation);
- i) On granting stock options;
- j) On approval of the agreements on silent partnership;

have to be adopted with at least a two-thirds majority of the votes of the shareholders present. If the General Meeting is to decide on the increase or reduction of the registered capital, the consent of at least two thirds of the votes of the shareholders present of each type of shares, which the Company issued or in place of which interim certificates were issued, shall be required.

5. Decisions:

- a) On the change of the type or form of shares;
- b) On the change of the rights attached to a certain type of shares;
- c) On the restriction of the share transferability of registered shares;
- d) On the revocation of the Company's shares listing on a European regulated market or foreign market similar to a regulated market;

have to be adopted with at least a three-quarters majority of the votes of the shareholders present holding these shares.

6. Decisions:

- a) On ruling out or restricting pre-emptive rights for the acquisition of convertible and priority bonds;
- b) On ruling out or restricting pre-emptive rights for the subscription of new shares;
- c) On the approval of a controlling contract and its amendments;
- d) On the approval of a profit transfer agreement and its amendments;
- e) On the increase of the registered capital by non-monetary investment contributions;
- f) On mergers, spin-off, transfer of assets to one shareholder, division, or on a change of legal form of the Company;

have to be adopted with at least a three-quarters majority of the votes of the shareholders present.

If the Company issues more types of shares, the consent of at least three-quarters of the shareholders present of each type of shares shall be required.

7. For the decisions on the merger of shares, the consent of all of the shareholders whose shares are to be merged shall be necessary.
8. When establishing whether the General Meeting has a quorum in order to make decisions and during voting at the General Meeting, the shares or interim certificates, which are not attached with the right to cast a vote or if it is not possible to exercise the right to cast a vote attached to them, shall not be taken into account.
9. A shareholder cannot exercise a right to cast a vote:
 - a) Attached to an interim certificate if he is in delay in paying the issue price of not fully-paid up shares or a part thereof;
 - b) If the General Meeting is deciding on his non-monetary investment contribution;
 - c) If the General Meeting is deciding whether to conclude, outside usual business practice, a contract with him or with another person with whom he is involved in concerted conduct, except when it concerns a Company transformation agreement, a profit transfer agreement, a controlling contract, a contract of sale of an enterprise or a part thereof, or a contract of lease of an enterprise or a part thereof, or whether to grant him or a person with whom he is involved in concerted conduct an advantage or whether compliance with obligations is to be waived with respect to them, or whether he is to be removed from the office of a member of the Company body due to breaching an obligation when performing such an office; decisions on the appointment of a Company body or a member of such shall not be regarded as deciding on the conclusion of a contract;
 - d) In other cases stipulated by law.
10. Matters, which were not included in the disclosed agenda of the General Meeting, may be decided upon only if all of the shareholders of the Company are present and agree therewith.

IIIb – BOARD OF DIRECTORS

Article 19

Status and Scope of Powers of the Board of Directors

1. The Board of Directors is a statutory body, which manages the activities of the Company, acts on its behalf and binds the Company in the way defined herein.
2. The Board of Directors decides on all matters of the Company, unless these are reserved by law or these Articles of Association for the scope of powers of the General Meeting or the Supervisory Board.
3. The performance of the office of a member of the Board of Directors is non-substitutable.

4. The Board of Directors follows the principles and instructions approved by the General Meeting, should they be in compliance with legal regulations and the Articles of Association.
5. No one shall be entitled to give the Board of Directors instructions as to the business management of the Company, unless law stipulates otherwise.
6. The Board of Directors is entitled to perform mainly the following:
 - a) Ensuring the business management including the due administration of the company's accounting, ensuring the operational matters of the Company and preparing a regular report on the financial performance for the Supervisory Board;
 - b) Convening the General Meeting and ensuring it from an organisational point of view;
 - c) Ensuring the preparation and submission of the following, for the approval by the General Meeting:
 - The annual, extraordinary and consolidated financial statements and possibly the interim financial statements, as well as a proposal for profit division or settlement of loss in accordance with the Articles of Association, at least 30 days prior to the scheduled day of the General Meeting;
 - A report by the Board of Directors on the business activities of the Company, and on the balance of its assets, which is a part of the annual report, at least once in an accounting period;
 - Proposals for amendments of the Articles of Association;
 - Proposals to increase or reduce the registered capital as well as the issue of bonds pursuant to Article 9 herein;
 - Proposals for profit division including the determination of the amount and payout method of dividends and Directors' fees;
 - Proposals of the method to cover the Company losses arisen in the previous accounting period;
 - Proposals for setting up and disbanding other herein not-specified bodies, as well as the definition of their status and scope of powers;
 - Proposals for the winding up of the Company with liquidation, and approval of the shares in the liquidation balance as well as the decision on its transformation;
 - Proposals to apply for the listing of the participating securities of the Company pursuant to a special legal regulation or on revoking their listing;
 - Proposals for the long-term concept and strategy of the Company development and proposals for their amendments;
 - Proposals to found or dissolve trading companies, if the share in the registered capital or more precisely the value of the ownership interest in each individual case exceeds CZK 10,000,000.00 (in words: ten million Czech crowns) also outside of the territory of the CR;
 - Proposals for the creation, cessation, increase or reduction of the ownership interest in other trading companies, if the ownership interest in a trading company exceeds, or shall exceed as a result of such an act, 33% of the registered capital of the relevant CZK 10,000,000.00 (in words: ten million Czech crowns), also outside of the territory of the CR;
 - Proposals to accept any guarantees, or provide other security for liabilities of third parties starting from the value of CZK 10,000,000.00 (in words: ten million Czech crowns) in an individual case;

- The approval of agreements on the performance of the office of the Board of Directors and the Supervisory Board members, work and similar agreements concluded with the Board of Directors and the Board of Directors members, remuneration of members of the Board of Directors and the Supervisory Board and rules for providing possible extra settlements to the members of the Board of Directors and the Supervisory Board;
- d) Executing valid resolutions, decision and instructions of the General Meeting;
- e) Keeping the list of shareholders, ensuring the proper keeping of the prescribed records, accounting, business books and other documents of the Company;
- f) Submitting the following to the Supervisory Board:
- The annual, extraordinary and consolidated financial statements and possibly the interim financial statements, as well as a proposal for profit division or settlement of loss, at least 30 days prior to the scheduled day of the regular General Meeting;
 - Basic financial reports or non-audited Profit and Loss Statements and minutes of the sessions of the Board of Directors;
- g) Increasing the registered capital of the Company subject to the decision of the Board of Directors;
- h) Removing head employees of the Company who have an agreement with the possibility of being dismissed from a job position concluded in accordance with Section 73, Subsections 2 to 6 of Act No. 262/2006 Coll., the Labour Code;
- i) In co-operation with the entities prescribed by law, preparing and approving the election rules for electing and removing members of the Supervisory Board elected by employees;
- j) In co-operation with the entities prescribed by law, organising the election of members of the Supervisory Board elected by employees;
- k) Deciding on granting the approval or expressing disapproval to the disclosure of certain information requested by shareholders for reasons specified by the law;
- l) Convening the General Meeting without unnecessary delay after it has established that the total loss of the Company recorded in any financial statements reached such an amount that if settled from the available resources of the Company, the unsettled loss would reach a half of the registered capital, or if it is possible to assume this, taking into consideration all the circumstances, or if it discovers that the Company went bankrupt, and proposes that the General Meeting wind up the Company or adopt another measure, unless the Act on Bankruptcy and Composition specifies otherwise;
- m) Filing a petition in bankruptcy against the assets of the Company or a petition for the approval of composition with the relevant court without unnecessary delay if the

terms and conditions set by special legislation have been met in accordance with the decision of the General Meeting convened subject to the previous Sub-section;

- n) Deciding on the employment of the finances from the reserve fund at the extent approved by the General Meeting;
 - o) Deciding on the foundation or dissolution of trading companies, if the share in the registered exceed CZK 10,000,000.00 (in words: ten million Czech crowns) also outside of the territory of the CR;
 - p) Deciding on the creation, cessation, increase or reduction of the ownership interest in other trading companies or associations, if the ownership interest in a trading company does not exceed, or shall not exceed as a result of such an act, 33% of the registered capital of the relevant trading company or the value of the ownership interest in each individual case does not exceed CZK 10,000,000.00 (in words: ten million Czech crowns), also outside of the territory of the CR;
 - q) Deciding on accepting any guarantees, or providing other security for liabilities of third parties up to the value of CZK 10,000,000.00 (in words: ten million Czech crowns) in each individual case.
7. The Board of Directors shall be bound to request the previous consent of the Supervisory Board for the following decisions:
- a) On the transfer and pledging of Company's own shares;
 - b) On the transfer and pledging of shares issued by the Company;
 - c) On the adoption of a business plan, annual financial plan, including the investment plan of the Company;
 - d) On the proposal to conclude a contract on acquisition, alienation, pledging or leasing the assets of the Company, the accounting value of which in each individual case exceeds the sum of CZK 300,000,000.00 (in words: three hundred million Czech crowns). This shall not relate to matters of an operational nature and transactions, which cannot be postponed. However, in such a case the Board of Directors shall be bound to inform the Supervisory Board thereabout;
 - e) On the proposal to conclude a contract on the strength of which the Company is to acquire or alienate assets if in the course of one accounting period the value of the assets to be acquired or alienated exceeds one third of the equity capital recorded in the last annual financial statements or the consolidated financial statements, if the Company prepares consolidated financial statements;
 - f) On the alienation and long-term lease of real estate, if in one individual case the accounting value of the real estate exceeds CZK 10,000,000.00 (in words: ten million Czech crowns);

- g) On the plans going beyond the extent of the approved annual financial and investment plan with the financial range above CZK 50,000,000.00 (in words: fifty million Czech crowns) per annum;
- h) On entering into an agreement on a long-term or medium-term loan (credit) or an agreement concerning other long-term financial transactions, with the exception of hedging transactions, or an agreement for any borrowing outside of the ordinary course of business of the Company, above CZK 300,000,000.00 (in words: three hundred million Czech crowns);
- i) On proposal to increase or reduce the registered capital and the issue of bonds subject to the law presented to the General Meeting;
- j) On disposal and acquisition of aircrafts;
- k) On operation of an aircraft manufactured by a manufacturer other than the manufacturer of the aircraft then operated in the fleet of the Company;
- l) On business transactions by and between Company and its affiliated person in case that (i) the total annual consideration paid by the Company for the services provided or goods delivered to the Company by such affiliated person during the respective calendar year increases in comparison to the total annual value of the services provided or goods delivered in the previous calendar year by more than fifteen per cent (15%), or (ii) the value of such transaction exceeds CZK 20,000,000.00 (twenty million Czech crowns);
- m) On issuance of any guarantees, or providing other security for liabilities of third parties starting from the value of CZK 20,000,000.00 (twenty million Czech crowns) in each individual case;
- n) On the execution, amendment or cancellation of any contract involving the Company with value of CZK 50,000,000.00 (fifty million Czech crowns) or more;
- o) On framework of collective bargaining;
- p) On collective bargaining agreement;
- q) On the acquisition or disposition of any asset of the Company outside the ordinary course of business with value of CZK 20,000,000.00 (twenty million Czech crowns) or more;
- r) On acquisition or disposal of ownership or leasing (as lessee) of any tangible asset, provided that the total value of the underlying assets or transaction (or series of transactions serving for the same commercial purpose) exceeds 3% of the turnover of the Company within the financial year preceding the effective date of the respective transaction;
- s) In other cases, should the law so stipulate.

8. The Board of Directors shall be bound to inform the Supervisory Board:
- a) About the proposal for significant changes in the organisational rules of the Company;
 - b) About the proposal of the agenda of the General Meeting, as well as all proposals and materials to be submitted by the Board of Directors to the General Meeting for a decision or informational purposes;
 - c) About the intentions concerning the acquisition, alienation, pledging or leasing of the assets of the Company, the accounting value of which in each individual case exceeds the sum of CZK 300,000,000.00 (in words: three hundred million Czech crowns). This shall not relate to matters of an operational nature and transactions, which cannot be postponed. With its resolution the Supervisory Board may reserve the right for itself to discuss and provide its viewpoint on the intention to conclude a contract of acquisition, alienation, pledging or leasing of assets of the Company even in cases when the accounting value of this transaction does not exceed the sum of CZK 300,000,000.00 (in words: three hundred million Czech crowns);
 - d) About the proposals to found or dissolve trading companies, if the share in the registered capital or more precisely the value of the ownership interest in each individual case exceeds CZK 10,000,000.00 (in words: ten million Czech crowns) also outside of the territory of the CR;
 - e) About the proposals for the creation, cessation, increase or reduction of the ownership interest in other trading companies or associations, if the ownership interest in a trading registered capital of the relevant trading company or the value of the ownership interest in each individual case does not exceed CZK 10,000,000.00 (in words: ten million Czech crowns), also outside of the territory of the CR;
 - f) About the setting up and approval of the rules for the creation and employment of funds of the Company;
 - g) About the proposals to accept any guarantees for liabilities of third parties starting from the value of CZK 10,000,000.00 (in words: ten million Czech crowns) in an individual case;
 - h) About the principles of collective bargaining;
 - i) About contracts with customers and suppliers at the financial scope above CZK 100,000,000.00 (in words: one hundred million Czech crowns) per annum;
 - j) About the course and results of the sessions of the Board of Directors.
9. The Board of Directors shall be bound to inform the Supervisory Board in advance about the appointment and dismissal of any manager who reports (is responsible) directly to any member of the Board of Directors.

10. At the request of the Supervisory Board the Board of Directors shall be obliged to provide the Supervisory Board with information associated mainly with the business activities of the Company.

Article 20

Number of Members of the Board of Directors and Term of Office

1. The Board of Directors has 3 (in words: three) members. A member of the Board of Directors may only be a natural person who has reached 18 years of age, has the full capacity to undertake legal acts, is of unimpeachable character in accordance with the Trades Licensing Act and in relation to whom no facts which represent an impediment to carrying out business activities under the Trades Licensing Act have occurred, or in relation to whom there are no impediments to perform an office, or possibly who meets the requirements set by special legislation.
2. The members of the Board of Directors are elected and removed by the General Meeting for a five-year term of office. Re-electing a member of the Board of Directors is permissible. The office of a member of the Board of Directors shall cease to exist by electing a new member of the Board of Directors, however no later than within three months after the termination of the term of office of this member.
3. A member of the Board of Directors may resign from his office with a written notification delivered to the Board of Directors. The Board of Directors shall discuss the resignation of a member of the Board of Directors at its nearest session after the delivery of the resignation, however no later than within 1 month. On the day of the discussion about the resignation, the office of the resigning member of the Board of Directors shall be terminated. If the notification of resignation is not discussed in this way, the office of the resigning member of the Board of Directors shall be terminated upon the expiration of the last day of the one-month period to no avail. If a member of the Board of Directors announces his resignation at the session of the Board of Directors, then the performance of the office shall be terminated upon the lapse of one month after such an announcement, unless the Board of Directors approves a different point of the termination of the office at the request of the member in question.
4. If a member of the Board of Directors dies, resigns, or is removed, or his term of office terminates in a different way, the General Meeting must elect a new member of the Board of Directors within two months. If due to this reason, the Board of Directors is incapable of fulfilling its functions, the
substantiate that he has a legal interest in this, namely for the period until the new member/members of the Board of Directors is/are elected by the General Meeting.
5. The Board of Directors shall elect the Chairman and Vice-chairman from among their number.

Article 21
Obligations of Members of the Board of Directors

1. Members of the Board of Directors are obliged to perform their activities with due managerial care and to maintain secrecy about confidential information and facts, the disclosure of which to third persons could inflict damage on the Company. The obligation to maintain secrecy shall last even after the termination of the performance of office. If there are doubts as to whether a member of the Board of Directors performed his activities with due managerial care, the burden of producing evidence proving that the member of the Board of Directors performed his activities with due managerial care shall lie with this member.
2. Members of the Board of Directors shall be liable for damages, which they jointly inflicted on the Company by carrying out the instruction of the General Meeting, only if this instruction contradicts legal regulations.
3. Members of the Board of Directors, who caused damage to the Company by breaching their legal duties while exercising their powers, shall be liable for such damage jointly and severally. However, if the Articles of Association require the previous consent of the Supervisory Board for a certain conduct of the Board of Directors and the Supervisory Board does not give its consent to such conduct or if the Supervisory Board exercises its right to ban a certain conduct of the Board of Directors in the name of the Company, members of the Board of Directors shall not be liable for damages, which shall be inflicted on the Company by compliance with such a decision. The damages inflicted in this way shall be of joint and several liability of those members of the Supervisory Board, who voted for the adoption of this decision unless they acted with due managerial care.
4. If the Supervisory Board gives its consent to such conduct, then members of the Board of Directors as well as members of the Supervisory Board, who voted on the adoption of this decision, shall be liable for damages inflicted in this way jointly and severally unless they acted with due managerial care.
5. Members of the Board of Directors shall be bound to observe the limitations relating to the ban on competition, which arises for them from the relevant statutory provisions, from the decisions of the General Meeting and Articles of Association.

Article 22
Convening the Sessions

1. Sessions of the Board of Directors are governed by the rules of procedure of the Board of Directors adopted by the Board of Directors, which regulate in particular the details of convening a session, its proceedings and decision-making.
2. A session of the Board of Directors takes place at least once a month.
3. The Chairman of the Board of Directors shall be bound to convene the session always when a member of the Board of Directors so requests or the Supervisory Board imposes this on him. The request must be made in writing and contain the urgent reason for the convening of the session.

4. A session of the Board of Directors is convened by its Chairman or Vice-chairman by written invitation, in which they shall state the place, date, hour of the session and its agenda. The invitation must be delivered to the members of the Board of Directors, Chairman and Vice- chairman of the Supervisory Board at least 5 calendar days before the session.
5. In serious cases the Chairman may convene the members of the Board of Directors for a meeting also by means of communication technology; e.g. by fax or e-mail, if all of the members of the Board of Directors agree therewith. However, in such a case the invitation must contain all of the above specified essentials and the members of the Board of Directors shall confirm its receipt.
6. In cases when there is a danger of delay, the Chairman may convene the members of the Board of Directors even in a way other than in writing, e.g. by telephone or verbally etc. However, he shall be bound to communicate to them the reason for this action. After the opening of the session the members of the Board of Directors confirm that they are meeting on the basis of a verbal convening and that they have been duly informed about the agenda, which they are to discuss.

Article 23 **Sessions of the Board of Directors**

1. Each member of the Board of Directors, Chairman, Vice-chairman or delegated member of the Supervisory Board is entitled to participate in a session of the Board of Directors.
2. At its discretion the Board of Directors may invite other persons to its session, particularly members of other bodies of the Company, its employees or shareholders.
3. A session of the Board of Directors is chaired by its Chairman and in his absence by the Vice- chairman.
4. An item, which was not on the agenda of the session of the Board of Directors, shall be discussed by the Board of Directors only if all members of the Board of Directors are present and a simple majority of the members of the Board of Directors voiced its consent to including the item in the agenda of the session of the Board of Directors.
5. Minutes are taken on the course of the session of the Board of Directors and the adopted decisions, and they are to be signed by the Chairman of the Board of Directors, in his absence the Vice- chairman or possibly the person who chaired the session and the Minutes-taker.
6. Minutes of the session of the Board of Directors must contain in particular the information about which decisions were adopted, names of the members of the Board of Directors, who did not vote for the adoption of individual resolutions of the Board of Directors or who abstained from voting, and if they communicated the reasons for it, then also these reasons are to be included. Unless the opposite is proved, it shall apply that the members not stated by name voted in favour of the resolution.

7. The minutes shall be kept in the Company's files similarly as the minutes of the General Meeting.

Article 24

Decision-making by the Board of Directors

1. The Board of Directors shall have a quorum, if at least a simple majority of its members are present at the session.
2. For adopting a resolution on all matters discussed at the session of the Board of Directors, the consent of a simple majority of the votes of the members present is necessary, with the exception of voting on the rules of procedure of the Board of Directors, where the decision is made by a majority of all members of the Board of Directors.
3. Each member of the Board of Directors has one vote.
4. When electing and removing the Chairman or Vice-chairman of the Board of Directors, that member of the Board of Directors, put forth as a candidate or being removed, shall not cast his vote.
5. If all of the members of the Board of Directors agree, voting may be executed in writing or by other communication means outside the session. The voting members shall be considered as being present.

Article 25

Decision-making by the Board of Directors Outside the Session

1. The Board of Directors may also adopt a decision outside the session, the so-called per rollam resolution. In such a case all of the members of the Board of Directors must give their written viewpoint on the proposed decision, and the decision shall be adopted, if approved by all of the members of the Board of Directors.
2. The decision adopted in this way must be duly documented in writing without unnecessary delay. Its content, including substantiation of the consent under Sub-section 1, as well as the information regarding who voted in which way, must be recorded in the minutes of the nearest session of the Board of Directors.

Article 26

Work Commissions, Teams and Committees of the Board of Directors

1. The Board of Directors may set up work commissions, teams and committees to suit its needs.
2. Details of the manner of holding sessions of the committees are set in the statutes of each of the committees, which are to be approved by the Board of Directors. The session of a committee is governed by the rules of procedure of the committee adopted by the committee.

which regulate in particular the details of convening a session, its proceedings and decision-making.

IIIc – SUPERVISORY BOARD

Article 27

Status and Scope of Powers of the Supervisory Board

1. The Supervisory Board is an inspecting body of the Company. It oversees the implementation of the business activities of the Company and the performance of the scope of powers by the Board of Directors.
2. The performance of the office of a member of the Supervisory Board is non-substitutable.
3. An appointed member of the Supervisory Board represents the Company in proceedings before courts and other bodies held against members of the Board of Directors.
4. The Supervisory Board is entitled to perform mainly the following:
 - a) Reviewing annual, extraordinary and consolidated financial statements and possibly the interim financial statements, as well as the proposal for profit division (including the determination of the amount and payout method of dividends and Directors' fees), proposal for settlement of loss and presenting its viewpoints to the General Meeting;
 - b) Discussing the report of the Board of Directors on business activities and on the balance of the assets of the Company, which is a part of the annual report of the Company;
 - c) Discussing the results of economic activities of the Company on a regular basis;
 - d) Convening the General Meeting, should the interests of the Company so require and proposing necessary measures at the General Meeting;
 - e) Deciding on the division of the Directors' fees determined by the General Meeting between the Board of Directors and the Supervisory Board, unless the General Meeting has done so;
 - f) Deciding on the division of the Directors' fees among individual members of the Board of Directors and the Supervisory Board, unless the General Meeting has done so;
 - g) Discussing contractual terms and conditions for the remuneration of members of the Board of Directors and statutory bodies of subsidiary companies, including the determination and evaluation of the specific tasks of these persons on a once a year basis;

- h) Submitting to the General Meeting and the Board of Directors the results of its inspecting activities, its viewpoints, recommendations and proposals;
 - i) Viewing accounting documents, files and records relating to the activities of the Company at any time;
 - j) Checking whether the accounting entries and records are kept duly in accordance with their true state;
 - k) Voicing its approval or disapproval on providing certain information to shareholders if the Board of Directors refuses to provide this information to them for reasons specified by the law;
 - l) Checking whether the business activities of the Company are carried out in compliance with legal regulations, these Articles of Association and the instructions of the General Meeting.
5. The Supervisory Board gives its previous consent to the Board of Directors for the execution of the following decisions:
- a) On the transfer and pledging of Company's own shares;
 - b) On the transfer and pledging of shares issued by the Company;
 - c) On the adoption of a business plan, annual financial plan, including the investment plan of the Company;
 - d) On the proposal to conclude a contract on acquisition, alienation, pledging or leasing the assets of the Company, the accounting value of which in each individual case exceeds the sum of CZK 300,000,000.00 (in words: three hundred million Czech crowns). This shall not relate to matters of an operational nature and transactions, which cannot be postponed. However, in such a case the Board of Directors shall be bound to inform the Supervisory Board thereabout;
 - e) On the proposal to conclude a contract on the strength of which the Company is to acquire or alienate assets if in the course of one accounting period the value of the assets to be acquired or alienated exceeds one third of the equity capital recorded in the last annual financial statements or the consolidated financial statements, if the Company prepares consolidated financial statements;
 - f) On the alienation and long-term lease of real estate, if in one individual case the accounting value of the real estate exceeds CZK 10,000,000.00 (in words: ten million Czech crowns);
 - g) On the plans going beyond the extent of the approved annual financial and investment plan with the financial range above CZK 50,000,000.00 (in words: fifty million Czech crowns) per annum;

- h) On entering into an agreement on a long-term or medium-term loan (credit) or an agreement concerning other long-term financial transactions, with the exception of hedging transactions, or an agreement for any borrowing outside of the ordinary course of business of the Company, above CZK 300,000,000.00 (in words: three hundred million Czech crowns);
 - i) On proposal to increase or reduce the registered capital and the issue of bonds presented to the General Meeting;
 - j) On disposal and acquisition of aircrafts;
 - k) On operation of an aircraft manufactured by a manufacturer other than the manufacturer of the aircraft then operated in the fleet of the Company;
 - l) On business transactions by and between Company and its affiliated person in case that (i) the total annual consideration paid by the Company for the services provided or goods delivered to the Company by such affiliated person during the respective calendar year increases in comparison to the total annual value of the services provided or goods delivered in the previous calendar year by more than fifteen per cent (15%), or (ii) the value of such transaction exceeds CZK 20,000,000.00 (twenty million Czech crowns);
 - m) On issuance of any guarantees, or providing other security for liabilities of third parties starting from the value of CZK 20,000,000.00 (twenty million Czech crowns) in each individual case;
 - n) On the execution, amendment or cancellation of any contract involving the Company with value of CZK 50,000,000.00 (fifty million Czech crowns) or more;
 - o) On framework of collective bargaining;
 - p) On collective bargaining agreement;
 - q) On the acquisition or disposition of any asset of the Company outside the ordinary course of business with value of CZK 20,000,000.00 (twenty million Czech crowns) or more;
 - r) On acquisition or disposal of ownership or leasing (as lessee) of any tangible asset, provided that the total value of the underlying assets or transaction (or series of transactions serving for the same commercial purpose) exceeds 35% of the turnover of the Company within the financial year preceding the effective date of the respective transaction;
 - s) In other cases, should the law so stipulate.
6. The Supervisory Board discusses the following information provided by the Board of Directors regarding:
- a) The proposal for significant changes in the organisational rules of the Company;

- b) The proposal of the agenda of the General Meeting, as well as all proposals and materials to be submitted by the Board of Directors to the General Meeting for a decision or informational purposes;
 - c) The intentions concerning the acquisition, alienation, pledging or leasing of the assets of the Company, the accounting value of which in each individual case exceeds the sum of CZK 300,000,000.00 (in words: three hundred million Czech crowns). This shall not relate to matters of an operational nature and transactions which cannot be postponed. With its resolution the Supervisory Board may reserve the right for itself to discuss and provide its viewpoint on the intention to conclude a contract of acquisition, alienation, pledging or leasing of assets of the Company even in cases when the accounting value of this transaction does not exceed the sum of CZK 300,000,000.00 (in words: three hundred million Czech crowns);
 - d) The proposals to found or dissolve trading companies, if the share in the registered capital or more precisely the value of the ownership interest in each individual case exceeds CZK 10,000,000.00 (in words: ten million Czech crowns) also outside of the territory of the CR;
 - e) The proposals for the creation, cessation, increase or reduction of the ownership interest in other trading companies or associations, if the ownership interest in a trading company does not exceed, or shall not exceed as a result of such an act, 33% of the registered capital of the relevant trading company or the value of the ownership interest in each individual case does not exceed CZK 10,000,000.00 (in words: ten million Czech crowns), also outside of the territory of the CR;
 - f) The setting up and approval of the rules for the creation and employment of funds of the Company;
 - g) The proposals to accept any guarantees for liabilities of third parties starting from the value of CZK 10,000,000.00 (in words: ten million Czech crowns) in each individual case;
 - h) The principles of collective bargaining;
 - i) The contracts with customers and suppliers at the financial scope above CZK 100,000,000.00 (in words: one hundred million Czech crowns) per annum;
 - j) The course and results of the sessions of the Board of Directors;
 - k) The appointment and dismissal of any manager who reports (is responsible) directly to any member of the Board of Directors.
7. The Supervisory Board shall be entitled to request from the Board of Directors the provision of information connected particularly with the business activities of the Company.
8. In pursuing its activities the Supervisory Board shall observe the generally binding legal regulations, Articles of Association of the Company, resolutions of the General Meeting and its rules of procedure.

9. The Supervisory Board shall be entitled to be informed by the Board of Directors about its intention of convening the General Meeting and the proposed agenda of the session and moreover the Board of Directors shall be obliged to supplement the proposed agenda with the items put forth by the Supervisory Board.

Article 28

Number of Members the Supervisory Board and Term of Office

1. The Supervisory Board has 3 (in words: three) members.
2. A member of the Supervisory Board may only be a natural person who has reached 18 years of age, has the full capacity to undertake legal acts, is of unimpeachable character in accordance with the Trades Licensing Act and in relation to whom no facts which represent an impediment to carrying out business activities under the Trades Licensing Act have occurred, or in relation to whom there are no impediments to perform an office, or possibly who meets the requirements set by special legislation.
3. A member of the Supervisory Board cannot be concurrently a member of the Board of Directors, procurator or a person authorised to act in the name of the Company subject to the entry in the Commercial Register.
4. A member of the Supervisory Board elected by the employees of the Company must be a person who meets the above specified conditions, and at the time of the election:
 - a) He is in an employment relationship with the Company;
 - b) Or he is a representative or a member of the representative of employees subject to special legislation;
5. Two-thirds of the members of the Supervisory Board are elected and removed by the General Meeting. One-third of the members of the Supervisory Board are elected and removed by employees of the Company by secret ballot.
6. Members of the Supervisory Board are elected for a five-year term of office. Re-electing a member of the Supervisory Board is permissible. The office of a member of the Supervisory Board shall cease to exist by electing a new member of the Supervisory Board, however no later than within three months after the termination of the term of office of this member.
7. A member of the Supervisory Board may resign from his office with a written notification delivered to the Supervisory Board. The Supervisory Board shall discuss the resignation of a member of the Supervisory Board at its nearest session after the delivery of the resignation, however no later than within 1 month. On the day of the discussion about the resignation, the office of the resigning member of the Supervisory Board shall be terminated. If the notification of resignation is not discussed in this way, the office of the resigning member of the Supervisory Board shall be terminated upon the expiration of the last day of a one-month

period to no avail. If a member of the Supervisory Board announces his resignation at the session of the Supervisory Board, then the performance of the office shall be terminated upon the lapse of one month after such an announcement, unless the Supervisory Board approves a different point of the termination of the office at the request of the member in question.

8. If a member of the Supervisory Board dies, resigns, or is removed, or his term of office terminates in a different way, the General Meeting or the employees must elect a new member of the Supervisory Board within three months.
9. If the number of members of the Supervisory Board does not fall below half, the Supervisory Board may appoint (co-opt) substitute members until the next session of the General Meeting.
10. The Supervisory Board shall elect and remove from among their number the Chairman and Vice-chairman.

Article 29

Obligations of Members of the Supervisory Board

1. Members of the Supervisory Board are obliged to perform their activities with due managerial care and to maintain secrecy about confidential information and facts, the disclosure of which to third persons could inflict damage on the Company. The obligation to maintain secrecy shall last even after the termination of the performance of the office. If there are doubts as to whether a member of the Supervisory Board performed his activities with due managerial care, the burden of producing evidence proving that the member of the Supervisory Board performed his activities with due managerial care shall lie with this member.
2. Members of the Supervisory Board shall be liable for damages, which they inflicted on the Company by carrying out the instructions of the General Meeting, only if this instruction contradicts legal regulations.
3. Members of the Supervisory Board, who caused damage by breaching their legal duties while exercising powers of the Supervisory Board, shall be liable for such damage jointly and severally.
4. Members of the Supervisory Board, who did not act with due managerial care and who subject to the law voted for the adoption of a decision banning the Board of Directors from performing certain conduct in the name of the Company or did not give their consent to certain conduct of the Board of Directors, shall be liable jointly and severally for damage incurred by the Company as a result of compliance with such a decision.
5. Members of the Supervisory Board shall be bound to observe the limitations relating to the ban on competition, which arises for them from the relevant statutory provisions, from the decisions of the General Meeting and Articles of Association of the Company.
6. Members of the Supervisory Board participate in the General Meeting of the Company and are obliged to inform the General Meeting about the results of its supervising activities.

Article 30
Convening the Sessions

1. Sessions of the Supervisory Board are governed by the rules of procedure of the Supervisory Board adopted by the Supervisory Board, which regulate in particular the details of convening a session, its proceedings and decision-making.
2. A session of the Supervisory Board usually takes place once a month, however at least eight times a year.
3. The Chairman of the Supervisory Board and in his absence the Vice-chairman shall be bound to convene a session always, when it is requested by a member of the Supervisory Board, the Chairman of the Board of Directors on the basis of a request made by the Board of Directors or in writing by the shareholders representing the qualified minority, if they simultaneously specified the urgent reason for its convening. The request must be made in writing.
4. A session of the Supervisory Board is convened by its Chairman or Vice-chairman in his absence by written invitation, in which they shall state the place, date, hour of the session and its agenda. The invitation must be delivered to the members of the Supervisory Board at least 7 calendar days before the session.
5. In serious cases the Chairman of the Supervisory Board and in his absence the Vice-chairman may convene the members of the Supervisory Board for a meeting also by means of communication technology; e.g. by fax or e-mail, if all members of the Supervisory Board agree therewith. However, in such a case the invitation must contain all of the above specified essentials and the members of the Supervisory Board shall confirm its receipt.
6. In cases when there is a danger of delay, the Chairman of the Supervisory Board and in his absence the Vice-chairman may convene the members of the Supervisory Board even in a way other than in writing, e.g. by telephone or verbally - etc. However, he shall be bound to communicate to them the reason for this action. After the opening of the session the members of the Supervisory Board confirm that they are meeting on the basis of a verbal convening and that they have been duly informed about the agenda, which they are to discuss.

Article 31
Sessions of the Supervisory Board

1. Each member of the Supervisory Board is entitled to participate in a session of the Supervisory Board. Members of the Supervisory Board may participate in any session of the Supervisory Board via video or telephone conferencing.
2. At its discretion the Supervisory Board may invite other persons to its session, particularly members of other bodies of the Company, its employees or shareholders.
3. A session of the Supervisory Board is chaired by its Chairman and in his absence by the Vice-chairman.

4. An item, which was not on the agenda of the session of the Supervisory Board, shall be discussed by the Supervisory Board only if a simple majority of all members of the Supervisory Board voiced its consent to including the item in the agenda.
5. Minutes are taken on the course of the session of the Supervisory Board and the adopted decisions and they are to be signed by the Chairman of the Supervisory Board, in his absence the Vice-chairman and the Minutes-taker.
6. Minutes of the session of the Supervisory Board must contain the information about which decisions were adopted, names of the members of the Supervisory Board, who did not vote for the adoption of individual resolutions or who abstained from voting, and if these members communicated the reasons for it and asked for them to be recorded, then also these reasons are to be included. Viewpoints of the minority of members shall be specified in the minutes if these so request. However, different viewpoints of members of the Supervisory Board elected by employees shall always be specified in the minutes of the session of the Supervisory Board. Unless the opposite is proved, it shall apply that the members not stated by name voted in favour of the resolution.
7. The minutes shall be kept similarly as the minutes of the General Meeting.

Article 32

Decision-making by the Supervisory Board

1. The Supervisory Board shall have a quorum, if at least a simple majority of all of its members is present at the session.
2. For adopting a resolution on all matters discussed at the session of the Supervisory Board, the consent of a majority of the votes of all of its members is necessary.
3. Each member of the Supervisory Board has one vote. In the case of an equal number of votes, the vote of the chairing person shall be decisive.
4. When electing and removing the Chairman or Vice-chairman of the Supervisory Board, that member of the Supervisory Board, who has been put forth as a candidate or is being removed, shall not cast his vote.
5. If all of the members of the Supervisory Board agree, the voting may be executed in writing or by other communication means outside the session of the Supervisory Board. The voting members shall be considered as being present.

Article 33

Decision-making by the Supervisory Board Outside the Session

1. The Supervisory Board may also adopt a decision outside the session. In such a case all of the members of the Supervisory Board must give their written viewpoint on the proposed

decision, and the decision shall be adopted, if approved by all of the members of the Supervisory Board.

2. The decision adopted in this way must be duly documented in writing without unnecessary delay. Its content, including substantiation of the consent under Sub-section 1, as well as the information regarding who voted in which way, must be recorded in the minutes of the nearest session of the Supervisory Board.

IV – JOINT PROVISIONS CONCERNING ACTIVITIES OF THE BOARD OF DIRECTORS AND SUPERVISORY BOARD

Article 34 Ban on Competition

1. Members of the Board of Directors and Supervisory Board must not:
 - Carry out business activities in the same or similar line of business, as is the Company's, or enter into business relations with the Company;
 - Mediate or arrange business deals of the Company for other persons;
 - Participate in business activities of another company as a shareholder with unlimited liability or as a person controlling other entities with the same or similar line of business;
 - Perform activities as a statutory body or a member of a statutory or other body of another legal entity with the same or similar line of business, unless it is a case of a business concern.
2. The Company shall be entitled to demand that a member of the Board of Directors or the Supervisory Board, who has breached this ban, surrenders the gains from the business deals, in which he has breached the ban on competition, or transfers the relevant rights to the Company. Thereby the entitlement to damage compensation shall not be affected.
3. The rights of the Company under the previous Sub-section shall expire unless exercised within three months from the day when the Company learned about this fact, however at the latest upon the expiration of one year from its occurrence.
4. If at a session of the Board of Directors or the Supervisory Board a question of the similarity between the scope of business activities of the Company and the scope of business activities of a different company arises, the matter shall be decided by a resolution of the Board of Directors or the Supervisory Board.

Article 35

Committees of the Supervisory Board

1. Within its competences the Supervisory Board may set up committees (hereinafter referred to only as the Committees of the Supervisory Board). Only a member of the Supervisory Board may become a member of the Committee of the Supervisory Board.
2. Details of the manner of holding sessions of the Committees of the Supervisory Board are set in the statutes of each of the Committees of the Supervisory Board, which are to be approved by the Supervisory Board. The session of a committee is governed by the rules of procedures of the committee adopted by the committee, which regulate in particular the details of convening a session, its proceedings and decision-making.

Article 36

Conditions for Performance of the Office of Members of the Company Bodies on the Part of the Company, Remuneration and Directors' Fees for Members of the Company Bodies

1. Costs connected with the sessions as well as other activities of the Board of Directors and the Supervisory Board shall be borne by the Company.
2. Members of the bodies of the Company are provided by the Company with compensation for purposefully spent costs connected with the performance of their office and participation in the sessions of the bodies.
3. After approval by the General Meeting, members of the bodies of the Company shall be entitled, for the performance of their office, to remuneration, whose amount and method of payment are regulated by agreements by and between the Company and the members of its bodies.
4. Apart from the remuneration, members of the Board of Directors and the Supervisory Board shall also be entitled to Directors' fees, the amount of which is to be decided on by the General Meeting in connection with the decision on the division of profit.
5. In accordance with legal regulations, the Company may provide members of the Board of Directors and the Supervisory Board with settlements other than remuneration and Directors' fees, on the basis of rules for providing possible extra settlements to the members of the Supervisory Board approved pursuant to Article 13, Sub-section 3, Letter ce) of the Articles of Association by the General Meeting.

Article 37

Joint Committees of the Board of Directors and the Supervisory Board

1. Within the scope of their competences the Board of Directors and the Supervisory Board may set up joint committees (hereinafter referred to only as the Joint Committees). A member of the Joint Committee must be a member of the Board of Directors or the Supervisory Board.

2. Details of the manner of holding sessions of the Joint Committees are set in the statutes of each of the Joint Committees, which are to be approved by the Board of Directors and Supervisory Board. The session of a committee is governed by the rules of procedure of the committee adopted by the committee, which regulate in particular the details of convening a session, its proceedings and decision-making.

V – LEGAL ACTIONS AND SIGNING ON BEHALF OF THE COMPANY

Article 38

Acting and Signing on Behalf of the Company

1. The Board of Directors acts on behalf of the Company. Two members of the Board of Directors act jointly in public on behalf of the Board of Directors.
2. Two members of the Board of Directors sign in the name of the Company by affixing their signatures to the printed or written trading name of the Company or a print of a stamp.
3. Moreover, employees of the Company act and sign in the name of the Company in relation to third parties within the scope of the authorisation associated with their job positions; in doing so they are bound by valid internal standardised and organisational acts of the Company or the scope of the granted authorisation. They sign by affixing their signatures to the printed or written trading name of the Company.
4. The Company may also be represented by an agent on the basis of a written power of attorney granted by the Company. The agent shall sign by affixing his signature to the printed or written trading name of the Company.

VI – ECONOMIC PERFORMANCE OF THE COMPANY

Article 39

Business Year

1. The business year is identical to a calendar year.

Article 40

Company's Bookkeeping

1. The Company keeps its accounting in the prescribed manner and in accordance with legal regulations.

2. Proper bookkeeping is ensured by the Board of Directors, which also arranges the verification of the financial statements by an auditor.
3. After receiving the auditor's report on auditing the financial statements and the financial performance of the Company, the Board of Directors shall submit the financial statements together with the auditor's report and the proposal for the profit division or settlement of loss to the Supervisory Board. The Supervisory Board shall review the submitted financial statements and the proposal for the profit division or settlement of loss and shall inform the General Meeting about the result.
4. The Board of Directors submits the annual, extraordinary and consolidated financial statements and possibly also the interim financial statements as well as the proposal for the profit division or settlement of loss to the General Meeting for approval.
5. The financial statements must be prepared in the manner matching the generally binding legal regulations and generally accepted accounting rules in a way as to provide full information about the assets and the financial situation, the Company is in, and about the earned profit or incurred losses in the decisive period. These financial statements or selected data therefrom with the specification of the time and place, when these can be viewed by shareholders, shall be sent to the shareholders at least 30 days prior to the date of the General Meeting.
6. The annual report also contains selected data from the approved financial statements. Moreover, the annual report is to contain the essentials defined by the law.

Article 41

Division of Profit and Settlement of Loss

1. The General Meeting decides on the division of the Company's profit on the proposal of the Board of Directors after being reviewed by the Supervisory Board.
2. Firstly taxes, levies and contributions subject to the generally binding legal regulations shall be paid on the Company's profit earned in the business year along with covering other needs of the Company, which cannot be settled from the costs.
3. The division of the net profit shall be decided on by the General Meeting.
4. The General Meeting may decide:
 - a) On the payout of dividends to shareholders;
 - b) On the payout of Directors' fees to members of the Board of Directors and the Supervisory Board;
 - c) On the allocation into the funds, if established;
 - d) On the increase of the registered capital,
 - e) On the settlement of losses,
 - f) On retaining the undivided profit for the upcoming periods.

5. The Company shall not be entitled to divide the profit or other own resources among shareholders, if the equity capital of the Company recorded in the annual or extraordinary financial statements is or would be, as a result of the profit division, lower than the registered capital of the Company, increased by:
 - a) The subscribed nominal value of the shares, if Company shares were subscribed in order to increase the registered capital and the increased registered capital has not been recorded in the Commercial Register as on the day of the preparation of the annual or extraordinary financial statements;
 - b) That part of the reserve fund or those reserve funds, which under the law and the Articles of Association must not be used by the Company for payments to shareholders.
6. The Board of Directors shall be obliged to provide information about the decision of the General Meeting concerning the due date of the dividends, place and method of the payout, or possibly the decisive day, in the manner determined by the law and the Articles of Association for the convening of the General Meeting.
7. The method of settlement of loss is to be decided by the General Meeting on the proposal of the Board of Directors after being reviewed by the Supervisory Board.
8. The loss may be settled from the funds of the Company, if established, or possibly by reducing the registered capital of the Company. Furthermore, the loss may be settled from the net profit or the profit retained from previous years. The General Meeting may decide on entering the loss in the account of accumulated losses from previous years.

VII – CHANGES IN THE REGISTERED CAPITAL

Article 42

Increase of the Registered Capital

1. The increase of the registered capital is decided on by the General Meeting or by the Board of Directors in compliance with the law or these Articles of Association.
2. The increase of the registered capital of the Company may be carried out by all the means permitted by the law.
3. In increasing the registered capital the Company observes the provisions of the law and proceeds in compliance with the following rules:
 - a) At least a two-thirds majority of the votes of the shareholders present shall be necessary for the decision of the General Meeting on the registered capital increase, unless the law specifies a larger majority for certain decisions;

- b) The notification about the scheduled General Meeting shall contain, apart from the essentials described in Article 16 herein, also the essentials set by the law;
- c) If it is possible to settle the issue price of the shares to be subscribed with monetary investment contributions, it shall be possible to subscribe to shares with non-monetary investment contributions only if it represents an important interest of the Company;
- d) The subscription must be performed in the presence of a member of the Board of Directors and confirmed with his signature on the subscription deed, unless the law or a decision of the General Meeting specifies otherwise;
- e) Share subscription cannot start before recording the resolution of the General Meeting in the Commercial Register, unless the petition to record this resolution in the Commercial Register has been lodged and the share subscription is tied to the condition of cancellation, which is the legal force of the decision on rejecting the petition to record the relevant resolution in the Commercial Register;
- f) The resolution of the General Meeting may rule out or restrict the pre-emptive rights of the shareholders to subscribe to new shares only if it represents an important interest of the Company;
- g) Within 30 days from the General Meeting's resolution on the registered capital increase, the Board of Directors shall file a petition to record this resolution in the Commercial Register;
- h) The resolution of the General Meeting on the registered capital increase is executed by the Board of Directors itself or contractually through a different entity;
- i) After complying with the terms and conditions set by the Commercial Code, these Articles of Association, or possibly the decision of the General Meeting, the Board of Directors shall propose the recording of the new amount of the registered capital in the Commercial Register. The effects of the registered capital increase shall start from the day of this recording.

Article 43

Increase of the Registered Capital by the Board of Directors

- 1. On the basis of the General Meeting's resolution the Board of Directors may be authorised to decide to increase the registered capital under the terms and conditions set by the law and these Articles of Association, namely:
 - a) By share subscription;
 - b) Or from the own resources of the Company with the exception of the retained profit, however by no more than one third of the existing amount of the registered capital, from the day when the General Meeting authorised the Board of Directors to increase the registered capital.

2. The authorisation to increase the registered capital shall remain in force for the period of no more than five years from the day when the General Meeting that decided on the authorisation to increase the registered capital was held.
3. The authorisation must specify the nominal value, type, and form of shares, which are to be issued in order to increase the registered capital. Within the authorisation the Board of Directors may increase the registered capital several times if the overall amount of the registered capital increase does not exceed the limit set by the General Meeting.

Article 44

Method of Share Settlement and the Consequences of Breaching the Obligation to Settle the Subscribed Shares on Time

1. On the basis of the decision of the General Meeting the issue price of shares may be settled by both monetary and non-monetary investment contributions. If the non-monetary investment contribution is:
 - a) Movable assets, the subscriber shall be bound to submit the item to be invested to the Company and ensure that the Company acquires the title to the provided item of investment before the petition to record the registered capital increase in the Commercial Register is filed;
 - b) Real estate, the subscriber shall be bound to hand over the property to be invested to the Company along with the written declaration with the officially certified signature before the petition to record the registered capital increase in the Commercial Register is filed and to ensure that the Company acquires the title to the provided property of investment where the possible petition to enter the title in the relevant register is to be filed within 15 days from the recording of the registered capital increase in the Commercial Register.
2. As to other non-monetary investment contributions, the investment contribution shall be settled upon the conclusion of a written investment agreement.
3. If the non-monetary investment contribution is know-how, the documentation in which the know-how is depicted, shall also be required, for the settlement to be recognised. If the non-monetary investment contribution is an enterprise or a part thereof, the handover of the enterprise or a part thereof shall also be required, for the settlement to be recognised. A report shall be made by the Company and the party making the investment contribution about the handover of the documentation in which the know-how is depicted, as well as about the handover of the enterprise or a part thereof.
4. If the title to the subject matter of the non-monetary investment contribution does not pass over to the Company, even though the non-monetary investment contribution is considered to have been settled, the person, who bound himself to make this investment contribution, shall be obliged to pay the value of the non-monetary investment contribution in monies and the Company shall be bound to return to this person the non-monetary investment contribution, which it took over, unless it is obliged to surrender it to the entitled party. If a shareholder transfers shares or interim certificates to a third person, the transferee acquiring the shares or

interim certificates shall guarantee the fulfilment of the obligation to pay the value of the non-monetary investment contribution in monies, unless it concerns an acquisition in a public stock market.

5. For the subscription to shares in the instance of the registered capital increase, the subscriber shall be obliged to pay the whole share premium and that part of the nominal value, however no less than 30%, which was determined by the relevant body in its decision on the registered capital increase. The remaining balance must be settled by deadlines subject to this decision, however within one year at the latest. Non-monetary investment contributions must be fully settled before the petition to record the registered capital increase in the Commercial Register is filed.
6. Unless the subscriber settles the issue price of the subscribed shares or the outstanding balance thereof, he shall be invited by the Board of Directors to pay it within the period of 30 days. After the lapse of this period to no avail the Board of Directors shall expel the subscriber from the Company and shall apply the procedure subject to the decision on the registered capital increase and in accordance with the law, or the General Meeting shall reduce the registered capital by cancelling the issuing of shares.
7. In the instance of the breach of the obligation to pay the issue price of the subscribed shares, the subscriber shall pay default interest at the rate of 24% per annum. Thereby the right to file an action demanding the settlement of the issue price shall not be affected.

Article 45

Reduction of the Registered Capital

1. The reducing of the registered capital is governed by the law and it is possible to reduce the registered capital:
 - a) By taking the shares out of circulation:
 - on the basis of drawing lots;
 - or on the basis of a proposal to shareholders;
 - b) By reducing the nominal value of shares and interim certificates;
 - c) By cancelling the issuing of shares.
2. Concerning the reduction of the registered capital by taking the shares out of circulation:
 - a) The reduction of the registered capital by taking the shares out of circulation on the basis of drawing lots is not permissible;
 - b) For the registered capital reduction by taking the shares out of circulation on the basis of a proposal it shall be proceeded as follows:
 - pursuant to the law, the General Meeting may decide on the registered capital reduction by taking the shares out of circulation;
 - subsequently the registered capital may be reduced to the extent of the nominal value of the shares, which shall be taken out of circulation in this way, or by a fixed sum;
 - the Board of Directors shall publish the draft contract subject to the law in the manner set for the convening of a General Meeting.

3. For the registered capital reduction it shall be further proceeded in accordance with these rules:
- a) The reduction of the registered capital is to be decided by the General Meeting where at least a two-thirds majority of the votes of the shareholders present at the General Meeting shall be required;
 - b) An invitation to such a General Meeting, shall contain, apart from the essentials stipulated in Article 16 herein, also the essentials specified by the law;
 - c) Within 30 days from the resolution of the General Meeting the Board of Directors shall file a petition for the recording thereof in the Commercial Register;
 - d) The resolution of the General Meeting on the reduction of the registered capital is executed by the Board of Directors itself or contractually through a different entity;
 - e) Within 30 days from the effective date of the General Meeting's resolution on the registered capital reduction in relation to third parties, the Board of Directors shall notify in writing all known creditors, whose claims due from the Company had been created before the day of this resolution becoming effective in relation to third parties, of the extent of the reduction in the registered capital, inviting them to file their claims. The resolution of the General Meeting on the registered capital reduction after being recorded in the Commercial Register shall be published by the Board of Directors on no fewer than two occasions at least 30 days apart, inviting the creditors to file their claims;
 - f) The Board of Directors shall file a petition for recording the registered capital reduction in the Commercial Register within the period subject to the law;
 - g) The registered capital must not be reduced below the statutory limit stipulated by the law;
 - h) If the Company is obliged to reduce the registered capital, it shall use for its reduction its own shares or interim certificates, if it has them in its assets. In other cases of the registered capital reduction, the Company shall use for its reduction particularly its own shares or interim certificates. The registered capital may be reduced in another way, only if this procedure is not sufficient for the registered capital reduction to the extent stipulated by the General Meeting or if this method would not fulfil the purpose of the registered capital reduction;
 - i) Before recording the registered capital reduction in the Commercial Register and before satisfying or securing the claims of creditors pursuant to the law, it shall not be possible to provide shareholders with the performance on the grounds of the registered capital reduction or it shall not be possible to waive or reduce the unpaid parts of the nominal values of their shares for that reason.

Article 46

Concurrent Reduction and Increase of the Registered Capital

1. Under the terms and conditions specified by the law the General Meeting may concurrently decide on the reduction and increase of the registered capital, if the purpose of the registered capital reduction is to adjust the nominal value of the existing registered shares to their price in the public stock market in connection with the increase of the registered capital by the subscription of new shares on the basis of a public offering.
2. In its resolution on the concurrent reduction and increase of the registered capital the General Meeting may determine the extent of the registered capital reduction in a way of specifying the method of the calculation of the sum of the reduction subject to the issue price of the new shares, which shall be determined at a later date. It must be evident from this method of determination by how much the registered capital shall be reduced. In its resolution on the concurrent reduction and increase of the registered capital the General Meeting shall authorise the Board of Directors to disclose the sum of the registered capital reduction with the corresponding new nominal values of the existing shares of the Company without

unnecessary delay in the manner prescribed by the law and the Articles of Association for convening the General Meeting.

VIII – FINAL PROVISIONS

Article 47

Winding up and Dissolution of the Company

1. The dissolution of the Company is preceded by its winding up with or without liquidation. The details thereof are defined by law.
2. The Company shall be dissolved upon its deletion from the Commercial Register.

Article 48

Disclosures, Notifications and Information

1. Facts which the Company is to disclose shall be published in the Commercial Bulletin or on the Company's website, and moreover in the registered seat of the Company at the place designated thereto.
2. Documents intended for shareholders are delivered by the Company to their address given in the list of shareholders. These shareholders shall be bound to immediately notify the Board of Directors about all changes in the data contained in this list.
3. Documents intended for other persons shall be delivered to their addresses communicated to the Company.

Article 49

Legal Conditions

Legal Conditions of the Company are governed by the law No. 90/2012 Coll., on Commercial Corporations and Co-operatives (Law on the C.C.), as amended.

Article 50

Procedure for Supplementing and Amending These Articles of Association

1. The General Meeting decides on the amending and supplementing of these Articles of Association.
2. The Board of Directors is to provide its viewpoint on each proposal for the amending and supplementing of the Articles of Association. If the proposal for the amending or supplementing of the Articles of Association is put forth by the Board of Directors, then it is the Supervisory Board that provides its viewpoint.

3. If an amendment of the Articles of Association of the Company is to be on the agenda of the General Meeting, then the notification about its scheduled date must at least characterise the essence of the proposed amendments and the draft amendments of these Articles of Association must be available to shareholders for viewing at the registered seat of the Company within 30 days before the scheduled date of the relevant General Meeting. A shareholder is entitled to request having a copy of the draft Articles of Association sent to him at his own risk and expense. Shareholders must be notified about these rights in the invitation to the General Meeting or the notification about the scheduled General Meeting.
4. If a shareholder intends to put forth counterproposals to the proposed amendments to these Articles of Association at the General Meeting, he shall be obliged to deliver the written wording of his proposal to the Company at least five business days before the scheduled date of the relevant General Meeting. The Board of Directors shall be bound to publish the shareholder's counterproposal, together with its opinion, if possible at least three days before the scheduled date of the General Meeting.
5. After the approval of the amendments of these Articles of Association by the General Meeting, the Board of Directors shall arrange the preparation of the new full wording of the Articles of Association of the Company and shall submit these to the relevant registration court.

Article 51
Operation of the Articles of Association

1. These Articles of Association become effective on 1st January 2014.
2. If the General Meeting decides on the increase or reduction of the registered capital, on splitting shares or joining several shares into one share, on changing the form or type of shares or the restriction of share transferability or alterations to the already existing restrictions, then such amendments shall become effective on the day of recording these facts in the Commercial Register. Other amendments shall become effective at the point when the General Meeting decided on them, unless it emerges from the decision of the General Meeting on the amendment of the Articles of Association or from the law that they are to become effective on a later date.

Correctness certified on December 19, 2013

.....
Philippe M. Morcels
Chairman of the Board of Directors

.....
Jozef Šinčák
Member of the Board of Directors

ARTICLES OF ASSOCIATION
OF ČESKÉ AEROLINIE a.s.^{*}

^{*} Translator's note: The company's established name in English is CZECH AIRLINES - joint stock company.

I – BASIC PROVISIONS

Article 1

Foundation and Establishment of the Company

1. Československé aerolinie a.s. was founded on the strength of the foundation deed of Jul. 8, 1992, in compliance with the laws of the Czech and Slovak Federative Republic and incorporated in the Commercial Register on August 1, 1992. In view of the division of the CSFR into two independent states, since January 1, 1993 the Company has been a legal entity of the Czech Republic.
2. At the General Meeting on February 24, 1995 it was decided on changing the trading name of the Company to **České aerolinie a.s., abbreviated to ČSA a.s.** (hereinafter referred to only as the Company) whilst the registered trademarks of the ČSA/CSA Company has remained unchanged. In connection with the change of the name no amendments were made in the legal status of the Company or its financial and legal obligations. All of the obligations arising from the existing contracts concluded by Československé aerolinie were assumed by České aerolinie a.s. at the full scope.

Article 2

Trading Name and Registered Seat of the Company

1. The trading name of the Company is "České aerolinie a.s."
2. The registered seat of the Company is Prague.
3. The Company was allocated with the Company Registration No. („Registr. No.“): 45 79 59 08.
4. The Company was allocated with the Tax Identification No. CZ45 79 59 08.

Article 3

Period of the Company Duration

1. The Company has been set up for an indefinite period of time.

Article 4

Entries of the Data about the Company in the Commercial Register

1. The data about the Company are to be entered in the Commercial Register with the Municipal Court in Prague, Section B, Insert No. 1662.
2. The Company is bound to file documents in the collection of deeds, which is a part of the Commercial Register, at the scope prescribed by law.

Article 5

Scope of Business Activities

The scope of business activities of the Company is:

- Operating commercial air transportation,
- Aviation work,
- Restaurant activities,
- Production, trade and services not included in Schedules Nos. 1 to 3 of the Trades Licensing Act,
- Job arrangement,
- Providing services during the handling and check-in process at Prague – Ruzyně Airport,
- Sale of fermented spirits, consumer spirits and alcoholic beverages.

Article 6

Registered Capital of the Company and Method of the Payment of the Issue Price of the Shares

1. The registered capital of the Company amounts to CZK 5,235,510,000.00 (in words: five billion two hundred and thirty five million five hundred and ten thousand Czech crowns).
2. For the subscription of new shares both the monetary and non-monetary investment contributions are admissible. The non-monetary investment contributions must be valued by an expert in compliance with law.

Article 7

Shares of the Company

1. The registered capital of the Company is apportioned into 1,047,102 registered shares with the nominal value of CZK 5,000.00 (in words: five thousand Czech crowns) in the form of registered shares, with limited transferability.

2. Shares provide the shareholders of the Company with the same rights, namely the right to participate in its management, to share in the profit as well as the liquidation balance upon the Company dissolution along with the right to participate in the General Meeting and cast their vote there.
3. A share must contain:
 - The trading name and registered seat of the Company;
 - Its nominal value;
 - An indication of the type of the share (that is to say that it concerns a registered share);
 - The trading name, the company name or name of the shareholder;
 - The amount of the registered capital and the number of shares on the date of the share issue;
 - The numerical classification;
 - The signature of a member/members of the Board of Directors, who are authorised to act in the name of the Company on the date of the issue of the shares with the possibility of reproducing the signatures on the shares mechanically.
4. The Company keeps a list of shareholders subject to the applicable legal regulations. In response to a shareholder's written request, and solely against his reimbursement of the cost, the Company shall provide such a shareholder with a copy of the list of all shareholders or the required part of such a list, and do so no later than within seven days from the delivery of his request.
5. The shares of the Company may be issued in the form of global deeds replacing individual shares.
The global deeds are issued in paper form and must have the essentials prescribed for registered shares. In addition, they must contain the information about the shares, which are replaced with it.
6. If global deeds are issued to shareholders, then any shareholder may request that the Company exchange the global deeds for individual shares or for different global deeds. Within 20 days from receiving the written request for the exchange of the global deeds for individual shares or for different global deeds, the Company shall invite the shareholder to collect the individual shares or more precisely global deeds, stating the date, time and place of the handover and the exchange is to take place within thirty days from the delivery of the written request of the shareholder of the Company. A handover and acceptance report shall be drawn up about the exchange of the global deed for individual shares or for different global deeds and it shall be signed by the accepting and handing-over parties.

Article 8

Transferability of the Shares, Restrictions of the Share Transferability

1. A share shall be transferable by endorsement and delivery. An endorsement shall state the trading name and the registered seat of the legal entity, or the name and place of residence of the natural person, to whom (which) the share is to be transferred, and the date of its transfer.

In relation to the Company the share transfer becomes effective from the day when in accordance with the following provisions it was approved by the Board of Directors after the previous consent from the Supervisory Board of the Company, and the change in the person of the shareholder was entered in the list of shareholders.

2. The share transfer is conditioned by the consent of the Board of Directors after the previous consent from the Supervisory Board. The share transfer agreement shall not become effective until the Board of Directors has voiced its consent after the previous consent from the Supervisory Board. This consent must be made in writing or it must be included in the minutes of a meeting of the Board of Directors after the previous consent from the Supervisory Board. Should the Board of Directors fail to give consent after the prior consent of the Supervisory Board within 6 months from the date of conclusion of the share transfer agreement, any Party may terminate the Agreement.
3. The Board of Directors shall be bound to refuse to give consent to the share transfer always if such a transfer would change the status of the Company as an air carrier of the Community under Regulation (EC) No. 1008/2008 of the European Parliament and of the Council.
4. The share transfer carried out contrary to these provisions shall be deemed invalid, ineffective and the change shall not be entered in the list of shareholders.
5. Pledging of the shares is conditioned by the consent of the Board of Directors after the previous consent from the Supervisory Board. The share pledging agreement shall become effective after the Board of Directors voiced its consent after the previous consent from the Supervisory Board. If after the previous consent from the Supervisory Board the Board of Directors does not decide about giving its consent within two months from the day of the delivery of the request, then it shall apply that the consent has been given. The sale of the pledged shares in the course of the realisation of the right of lien shall not be subject to the consent of the Board of Directors and the Supervisory Board.

Article 9

Issue of Bonds

1. Based on the decision of the General Meeting, adopted by a two-thirds majority of the authorised shareholders present, the Company may issue bonds with warrants attached, namely the right to be exchanged for shares of the Company (convertible bonds) or the pre-emptive right to subscribe to shares (priority bonds), if it simultaneously decided on the conditioned increase of the registered capital.
2. The method of the bond issue shall be governed by the generally binding regulations.

II – RIGHTS AND OBLIGATIONS OF SHAREHOLDERS

Article 10

Rights and Obligations of Shareholders

1. Under the legal terms and conditions, a shareholder shall be entitled to a share of the Company's profit (a dividend), which the General Meeting approved for division to shareholders taking into account the Company's financial results. This share shall be determined as the ratio between the nominal value of the shareholder's shares and the nominal value of all of the shareholders' shares. The right to the payment of the dividend shall be separately transferable from the day when the General Meeting decided on the dividend payout. A shareholder is not bound to refund to the company any dividend accepted in good faith. The Company shall start the dividend payout within 3 months from the day when the General Meeting adopted the decision on the profit division and its payout. Dividends are to be paid out in the registered seat of the Company.
2. For the period of the existence of the Company, even in the case of its winding up, the shareholder shall not be entitled to claim a refund of his investment contributions. The following payments shall not be considered to be the return of the investment contributions: a payment provided as a result of a reduction in the registered capital, a payment provided upon the purchase of shares by the Company, a payment provided upon the return of the interim certificate or upon declaring it null and void, a payment provided when dividing the share in the liquidation balance. In the case of winding up the Company with liquidation the shareholder shall be entitled to a share in the liquidation balance.
3. A shareholder is entitled to participate in the management of the Company, i.e. to attend General Meetings, cast his vote there, ask for and receive an explanation of matters relating to the Company, if such an explanation is necessary for the assessment of the subject of discussions at the General Meeting, and put forth proposals and counterproposals. When it concerns counterproposals to proposals whose content was stated in the invitation to such a General Meeting or in the instance when a notarial deed is to be drawn up about the decision of the General Meeting, a shareholder is obliged to deliver the written wording of his proposal or counterproposal at least five business days before the day of the General Meeting. This shall not apply if nominations for the election of specific persons to Company bodies are involved. However, the Board of Directors shall publish the counterproposal, together with its opinion, if possible three days before the scheduled date of the General Meeting.
4. A shareholder shall have the same entitlement to be given an explanation with respect to matters relating to entities controlled by the Company, which are on the agenda of the General Meeting.
5. A shareholder has the pre-emptive right to subscribe to a part of new Company shares subscribed in order to increase the registered capital at the extent of his ratio in the Company registered capital, if the shares are subscribed by monetary investment contributions. This right may be restricted or ruled out only by the decision of the General Meeting and solely in the important interests of the Company.
6. A shareholder may request from the Board of Directors a copy of the minutes of a General Meeting or a part thereof for the entire existence of the Company. The copies shall be made at the expense of the shareholder.
7. A shareholder may demand that the court pronounces a resolution of the General Meeting to be invalid, should such a resolution be contrary to the statutory provisions, the Deed of Association or the Articles of Association of the Company. This right shall lapse if not asserted within three

months from the day when the General Meeting was held, or, if the General Meeting was not properly convened, then from the day when he could have learned about the holding of such a General Meeting, but no later than within one year. If the reason for the petition is the fact that the contested resolution was not adopted by the General Meeting, because it had not voted on it or because the content of the contested resolution does not match the resolution adopted by the General Meeting, it is possible to file a petition within three months from the day when the petitioner learned about the contested resolution, but no later than within one year from the day when the General Meeting was held or was allegedly held. The invalidity of the resolutions of the General Meeting may be sought not only in cases provided for by law.

Article 11

Qualified Shareholder

1. A shareholder or shareholders of the Company complying with the conditions set by the law in respect of the qualified shareholders) may request that the Board of Directors convene an extraordinary General Meeting for discussing the proposed issues. The Board of Directors shall convene an extraordinary General Meeting in a way so that it takes place no later than within 40 days from the day, on which it received the request for its convening, where the invitations to it must be sent to shareholders no later than within 15 days from its scheduled date.
2. At the request of the qualified shareholder:
 - a) the Board of Directors shall include matters raised by them in the agenda of the General Meeting provided each of the items of the proposal is accompanied with the reasoning or a draft resolution;
 - b) the Supervisory Board shall review the performance of the scope of powers by the Board of Directors in the matters specified in the request;
 - c) the Supervisory Board shall exercise the claim for damage compensation, which is due to the Company from a member of the Board of Directors;
 - d) the Board of Directors shall exercise the penalty procedure against shareholders who are in delay in settling the issue price.
3. The qualified shareholder shall be entitled to exercise the claim for loss compensation or for the payment of the issue price of the shares itself in the name of the Company, should the Board of Directors or Supervisory Board fail to grant its request without unnecessary delay.
4. Furthermore, the qualified shareholder shall be entitled to petition the court for the appointment of an expert for the reviewing of the report on relations between the controlled entity and related entities should a serious reason therefor arise.
5. Should the Board of Directors fail to convene an extraordinary General Meeting pursuant to Sub-section 1 in a way so that it takes place no later than within 40 days from the delivery of the request, at the request of the qualified shareholder the court shall rule on authorizing this qualified shareholder to convene the extraordinary General Meeting. The costs of this General Meeting shall be borne by the Company and members of the Board of Directors shall have joint and several liability for this obligation.

6. Should the Supervisory Board or the Board of Directors fail to grant the request of the qualified shareholder pursuant to Sub-section 2, Letter c) or d) without unnecessary delay, the qualified shareholder may exercise the claim for loss compensation or for the payment of the issue price itself in the name of the Company. In this case the costs shall be borne by the Company.

III – BODIES OF THE COMPANY

Article 12

Structure of the Company Bodies

1. The Company has the following bodies:
 - a) General Meeting;
 - b) Board of Directors;
 - c) Supervisory Board.
2. With its resolution to amend these Articles of Association the General Meeting may set up other Company bodies, define their powers, including their relation to the existing bodies of the Company, the method of making decisions and determine the duration of the office of its members.

IIIa – GENERAL MEETING

Article 13

Status and Scope of Powers of the General Meeting

1. The General Meeting is the supreme body of the Company.
2. The regular General Meeting takes place in the registered seat of the Company, at least once a calendar year, however no later than within six months from the last day of the previous accounting period. Other General Meetings convened by the Board of Directors, Supervisory Board or at the request of the qualified minority are extraordinary General Meetings.
3. The scope of sole powers of the General Meeting include:
 - a) Decisions on amendments of the Articles of Association, with the exception of the following cases:

- ai) Amendments of the Articles of Association resulting from the increase of the registered capital by the Board of Directors pursuant to the law;
 - aii) Amendments of the Articles of Association which occurred on the basis of other legal facts;
- b) Decisions on the increase or reduction of the registered capital or on the authorisation of the Board of Directors to increase the registered capital or on the possibility of setting off a monetary claim due from the Company against a claim for settlement of the issue price or decisions on the issue of share warrants or a decision on the simultaneous reduction and increase of the registered capital, or on the authorisation of the Board of Directors to disclose the sum of the registered capital reduction with the corresponding new nominal values of the existing shares of the Company in the manner prescribed by law and these Articles of Association;
- c) Decisions on the reduction of the registered capital and the decision on issuing convertible and priority bonds;
- d) Decisions on the increase of the registered capital by non-monetary investment contributions;
- e) The approval of the long-term concept and strategy of the Company development;
- f) The election and removal of the members of the Board of Directors and the Supervisory Board;
- g) The approval of the annual or extraordinary financial statements and consolidated financial statements and in the cases set out by law, also the interim financial statements;
- h) Decisions on the division of profit and the determination of dividends and Directors' fees as well as allocations into individual funds;
- i) Decisions on the method of covering the losses of the Company;
- j) Decisions on the determination of Directors' fees for the members of the Board of Directors and the Supervisory Board;
- k) Decisions on filing application to accept the participating securities of the Company for trading on the regulated European market or similar foreign market and on eliminating of these securities from trading on the regulated European market or similar foreign market;
- l) Decisions on the winding up of the Company with liquidation, the appointment and removal of the liquidator including the determination of the amount of his remuneration, the approval of the proposal for the liquidation balance division;
- m) Decisions on merger, transfer of assets to a single shareholder or on division, and possibly on the change of the legal status;
- n) Decision on the conclusion of an agreement with its subject matter being the transfer of the business enterprise or its part, or the lease of the business enterprise or a part thereof, creation of the right of lien on the business enterprise or a part thereof;
- o) The approval of a controlling contract, a profit transfer agreement and silent partnership agreement, and their amendments;

- p) Providing previous consent to the conclusion of a loan contract, credit contract or guarantee agreement with persons showing conflict of interest or contracts, whose content is to secure or to confirm the debts of these persons or the free of charge transfer of assets out of the Company; these contracts may be concluded only under the terms and conditions usual in business practice;
- q) Setting up profit-based funds and reserve funds;
- r) The approval of the annual report including the report of the Board of Directors on the business activities of the Company and the balance of its assets;
- s) Decisions on changes in the business activities of the Company;
- t) Decisions on the change of the type or form of shares and on changes in the rights attached to a certain type of shares and on the change of restrictions in their transferability;
- u) Decisions on the change of the form of shares issued in the form of stock certificates to dematerialised shares and vice versa;
- v) Decisions on ruling out or restricting pre-emptive rights for the acquisition of convertible and priority bonds or for the subscription of new shares;
- w) Decisions on acquiring the Company's own shares;
- x) Decisions on shares splitting into more shares of a lower nominal value or on joining more shares into one share;
- y) Decisions on the performance of a legal, economic, technical or possibly ecological audit (the "due diligence" process) and the disclosure of the information arising from it in connection with the transfer of shares or possibly an ownership interest or in the instance of the increase of the registered capital of the Company;
- z) Decisions on the volume of finances, which the Company may use for providing sponsorship gifts within the set period of time;
- aa) Decisions on founding or dissolving trading companies, if the share in the registered capital or more precisely the value of the ownership interest in each individual case exceeds CZK 10,000,000.00 (in words: ten million Czech crowns) also outside of the territory of the CR;
- bb) Decisions on the creation, cessation, increase or reduction of the ownership interest in other trading companies or associations, if the ownership interest in a trading company exceeds, or shall exceed, as a result of such an act, 33% of the registered capital of the relevant trading company or the value of the ownership interest in each individual case exceeds CZK 10,000,000.00 (in words: ten million Czech crowns) also outside of the territory of the CR;
- cc) Decisions on the acceptance of any guarantees, or providing other security and confirmation of debts of third parties starting from the value of CZK 10,000,000.00 (in words: ten million Czech crowns) in each individual case;

- dd) The approval of agreements on the performance of the office of the Board of Directors and the Supervisory Board members; work and similar agreements concluded with the Board of Directors and the Board of Directors members, remuneration of members of the Board of Directors and the Supervisory Board and rules for providing possible extra settlements to the members of the Board of Directors and the Supervisory Board;
- ee) The determination of an auditor for the annual, extraordinary and consolidated financial statements of the Company;
- ff) If an audit committee has been set up under the provisions of Act No. 93/2009 Coll., on Auditors, as amended by subsequent legal regulations, the approval of the agreements on the performance of the office of members of the audit committee and rules for providing possible extra settlements to the members of the audit committee;
- gg) Decision on granting stock option in respect to interchangeable and priority bonds of the Company;
- hh) Decision on termination of the main scope of Business Activities as listed in the Commercial Register, i.e. Operating commercial air transportation;
- ii) Decisions on other matters which the law or these Articles of Association place within the scope of powers of the General Meeting.

Article 14

Participation in the General Meeting

1. A shareholder shall participate in the General Meeting in person, through a person authorised to act in his name as a statutory body or a member of a statutory body or by proxy under the written power of attorney (hereinafter referred to only as the shareholder present). A member of the Board of Directors or the Supervisory Board of the Company cannot be a proxy of a shareholder.
2. Members of the Board of Directors and members of the Supervisory Board may participate in a General Meeting. An auditor is entitled to participate in the relevant part of the session of the General Meeting in order to inform shareholders, who are to approve the financial statements and annual report of the Company at the General Meeting, about the auditor's findings.
3. All the persons present at the General Meeting are to identify themselves with a valid identity card.
4. When a shareholder is represented by proxy, the representation shall not be valid unless a written power of attorney, which specifies the scope of the representative's powers, is

presented. If it concerns the representation of a legal entity, the representatives shall also present the document substantiating their authorisation to act, that is to say for example the current certificate of incorporation or an abstract from a different register, a document substantiating the election of a mayor – etc., from which it must be obvious who is authorised to grant the power of attorney to the proxy on behalf of the principal.

5. If the shareholder is a foreign entity, then the documents submitted for registration under the previous Sub-section must be attached with the Apostille certificate unless an international treaty, which the Czech Republic is bound by, stipulates otherwise.
6. Documents not containing the essentials or authorisations subject to Sub-sections 4 and 5 shall not be taken into account.
7. The shareholders present shall be registered in the list of the shareholders present, which contains: the trading name or name and the registered seat of the legal entity, or the full name and place of residence of the natural person that is a shareholder or possibly shareholder's representative, the numbers of stock certificates and the nominal value of shares which entitle the person present to vote, and if appropriate, the information that a share does not entitle its holder to vote. If the Company refuses to register a certain person in the list of the persons present, it shall enter this fact in the list of the persons present with the reason for this rejection. The correctness of the list of the persons present is certified with the signatures of the Chairman of the General Meeting and the minute taker.

Article 15

Convening of the General Meeting

1. The General Meeting is convened by the Board of Directors, or its member if the Board of Directors did not rule on the convening of the General Meeting without unnecessary delay and the law imposes the convening of the General Meeting or if the Board of Directors has lacked a quorum for a long period of time.
2. If it is in the interests of the Company the General Meeting is to be convened by the Supervisory Board, which shall propose necessary measures there.
3. Under the terms and conditions specified by the law, the court may authorise the qualified shareholder to convene an extraordinary General Meeting and enter into all acts connected therewith.
4. The Board of Directors shall convene the General Meeting without unnecessary delay after it has established that the total loss of the Company recorded in any financial statements reached such an amount that if settled from the available resources of the Company, the unsettled loss would reach a half of the registered capital, or if it is possible to assume this, taking into consideration all the circumstances, or if it discovers that the Company went bankrupt, and proposes that the General Meeting wind up the Company or adopt another measure, unless law specifies otherwise.
5. The Board of Directors shall also convene an extraordinary General Meeting if its convening is requested in accordance with the legal requirements, by the qualified shareholder, which puts

forth specific matters to be discussed. Should the Board of Directors fail to convene it in a way so that it takes place no later than within 40 days from the day when it received the request for its convening, the qualified shareholder may petition the court pursuant to Sub-section 3 of this Article seeking the decision, in which the court shall authorize the qualified shareholder itself to convene an extraordinary General Meeting and to enter into all acts connected therewith.

6. The General Meeting is to be convened by invitations, which must be sent to all shareholders at the address of their registered seat or place of residence given in the shareholders' list no later than 30 days before the day of the General Meeting. This period shall be shortened to 15 days if it concerns the convening of a substitute General Meeting and an extraordinary General Meeting at the request of the qualified shareholder. Within the same periods of time invitations are to be sent to all members of the Board of Directors and the Supervisory Board.
7. The minimum requirements for an invitation to a General Meeting are:
 - a) The trading name and registered seat of the Company;
 - b) The place, date and hour of the General Meeting;
 - c) An indication of whether the convened General Meeting is regular, extraordinary or substitute;
 - d) The order of the General Meeting agenda, including the identification of a person who is proposed as the member of the Company's body;
 - e) The decisive day on the participation at the General Meeting, if stipulated, and the explanation of its importance for voting at the General Meeting;
 - f) The terms and conditions for the performance of shareholder's rights at the General Meeting, specifically a list of documents, which the shareholders are to present at the General Meeting in accordance with Article 14 herein;
 - g) If the approval of the financial statements is on the agenda, then the invitation shall also contain the main data from these financial statements plus the date and place, where the financial statements may be viewed by the shareholders of the Company;
 - h) The proposals of resolution of the General Meeting and their reasoning or opinion of the Company's Board of Directors on each proposed matter;
 - i) If an amendment of the Articles of Association is to be on the agenda of the General Meeting, then the invitation must at least contain a proposal of resolution of the proposed amendments of the Articles of Association and their reasoning; the draft of the Articles of Association must be available to shareholders for viewing at the registered seat of the Company within the period set for convening the General Meeting. A shareholder is entitled to request having a copy of the draft Articles of Association sent to him at his own risk and expense. Shareholders must be notified about these rights in the invitation;
 - j) Other essentials prescribed by law (e.g. in the instance of the registered capital increase or reduction, Company transformation, correspondence voting, if allowed), by the Articles of Association or a decision of the body, which is convening the General Meeting.
8. The General Meeting may be called off or its date postponed. Calling off the General Meeting or a change in its date must be communicated in the same manner used for convening the General Meeting, no later than one week before the scheduled day of the General Meeting. If such a notification was not given at least one week before the scheduled day of the General Meeting the shareholders who arrive on the basis of the original invitation shall be entitled to be compensated for their purposely expended costs. An extraordinary General Meeting convened at the request of the qualified shareholder may be called off or its date may be postponed to a later day only if the qualified shareholder so requests.

9. At the request of the qualified shareholder, which was sent to the Board of Directors after the invitation to the General Meeting having been sent, the Board of Directors may supplement the agenda of the General Meeting within the period of ten days before the scheduled day of the General Meeting in the manner set for convening a General Meeting; if such a disclosure is not possible, the matter in question not included in the agenda can be decided on only if all of the shareholders of the Company are present and agree therewith.
10. With the consent of all shareholders the General Meeting may be held also without meeting the requirements specified in Act. No. 90:2012 Coll., on commercial companies and co-operatives (the "Business corporation act") for convening the General Meeting. Above mentioned consent of shareholders must be given either in written form before the General Meeting take place or in form of shareholders statement rendered during the General Meeting.

Article 16

Quorum and Substitute General Meeting

1. The General Meeting has a quorum, if there are shareholders present, holding shares with the nominal value exceeding 60 % of the registered capital of the Company.
2. When establishing whether the General Meeting has a quorum in order to make decisions, the shares or interim certificates, which are not attached with the right to cast a vote or if it is not possible to exercise the right to cast a vote attached to them under the law or these Articles of Association, shall not be taken into account.
3. If the General Meeting lacks a quorum after the lapse of one hour from its scheduled beginning, then the person authorised to open the session shall disband the General Meeting. Afterwards, the Board of Directors shall convene a substitute General Meeting in a way ensuring that it takes place no later than within 30 days from the day, on which the original General Meeting was convened. The new invitation must be sent at least 15 days from the day, on which the original General Meeting was convened and the notification period of the scheduled substitute General Meeting is shortened to 15 days.
4. The substitute General Meeting must have an unchanged agenda and shall have a quorum regardless of the provisions of Sub-section 1.

Article 17

Sessions of the General Meeting

1. The General Meeting shall elect its Chairman, a minutes taker, verifiers of the minutes and a person in charge of counting the votes (scrutiniser). At the proposal of the Board of Directors these officials are elected in a public vote, by a simple majority of votes of the shareholders present.
2. A session of the General Meeting is chaired by its Chairman, until his election the General Meeting is chaired by an authorised member of the body that convened the General Meeting. If

the General Meeting was convened by a court ruling at the request of the qualified shareholder, the court may appoint the Chairman of the General Meeting even without a proposal.

3. The Chairman of the General Meeting shall be bound to ensure the reading of all of the proposals and counterproposals at the General Meeting as well as requests for explanations made by shareholders, if these relate to the agenda of the session of the General Meeting and if the shareholders insist on these being read at the General Meeting. Moreover, he shall be obliged to ensure at the General Meeting answers to requests for explanations made by shareholders concerning the matters relating to the Company, which are on the agenda of the General Meeting, unless pursuant to the law it concerns information, the disclosure of which, could bring about a detriment to the Company or information, which forms a business secret of the Company or it is confidential information or classified information under special legislation.
4. Proposals, counterproposals, requests for explanations and protests are to be submitted exclusively in writing. However, a shareholder shall be entitled to provide verbal commentary of his written submission.
5. The Board of Directors shall ensure the preparation of the minutes of the General Meeting within 15 days after its end. The minutes must contain:
 - a) The trading name and registered seat of the Company;
 - b) The place and time of the General Meeting;
 - c) The name of the Chairman of the General Meeting, minutes taker, verifier of the minutes and a person in charge of counting the votes;
 - d) The description of the discussed items on the agenda;
 - e) The decisions of the General Meeting stating the results of the voting;
 - f) The content of the protest of a shareholder, a member of the Board of Directors or a member of the Supervisory Board if the protesting person so requires;
 - g) The minutes of the General Meeting shall be enclosed with proposals and statements submitted to the General Meeting for discussion and the list of the people present at the General Meeting.
6. A notarial deed is to be made about the decisions specified in Article 13, Sub-section 3, Letters a), b), c) and furthermore in the instance of decisions:
 - a) On the winding up of the Company with liquidation and the plan for the liquidation balance division;
 - b) On the change of the type or form of shares;
 - c) On the change of rights attached to a certain type of shares;
 - d) On the restriction of the registered share transferability;
 - e) On the revocation of the share's listing;
 - f) On ruling out or restricting pre-emptive rights for the acquisition of convertible and priority bonds;
 - g) On ruling out or restricting pre-emptive rights for the subscription to new shares;
 - h) On the approval of a controlling contract;
 - i) On the approval of a profit transfer agreement and its amendments;
 - j) On the increase of the registered capital by non-monetary investment contributions;
 - k) On joining of the shares;
 - l) On other cases provided for by law.

7. The minutes of the General Meeting together with the notification of the General Meeting and the list of the shareholders present, including the submitted powers of attorney, shall be kept in Company's files for the entire period of its existence.

Article 18

Voting and Decision-making at the General Meeting

1. Each share of the Company of the nominal value of CZK 5,000.00 (in words: five thousand Czech crowns) is connected with one vote.
2. The voting at the General Meeting is carried out by ballot unless the General Meeting decides otherwise. The proposals including counterproposals are voted on in the order in which they were submitted. As soon as a proposal is adopted, a counterproposal or other proposals concerning the same matter shall not be voted on.
3. A decision of the General Meeting must be approved by a simple majority of votes of the shareholders present, unless the law or the Articles of Association of the Company require a different majority.
4. Decisions:
 - a) On the amendments of the Articles of Association unless it concerns amendments resulting from the increase of the registered capital by the Board of Directors pursuant to the law or amendments which occurred on the basis of other legal facts;
 - b) On the increase or reduction of the registered capital including or on the authorisation of the Board of Directors to increase the registered capital or on the possibility of setting off a monetary claim due from the Company against a claim for settlement of the issue price or on the issue of share warrants or on the simultaneous reduction and increase of the registered capital, or on the authorisation of the Board of Directors to disclose the sum of the registered capital reduction with the corresponding new nominal values of the existing shares of the Company in the manner prescribed by law or these Articles of Association;
 - c) On the reduction of the registered capital and on the issue of interchangeable or priority bonds;
 - d) On the winding up of the Company with liquidation and the proposal for the liquidation balance division;
 - e) On the conclusion of a contract on the strength of which a business enterprise or a part thereof is being transferred, or leased, or on creating the right of lien on the business enterprise or a part thereof;
 - f) On filing an application for acceptance of the Company's subscriber securities for trading on a European regulated market or foreign market similar to a regulated market;
 - g) On declaration of share dividends and distribution of Company's profit;
 - h) Change in business activities of the Company (in line with decision on termination of the core business activity as specified in the Commercial Register, i.e. operating commercial air transportation);
 - i) On granting stock options in respect of interchangeable and priority bonds of the Company ;

- j) On approval of the agreements on silent partnership;

have to be adopted with at least a two-thirds majority of the votes of the shareholders present. If the General Meeting is to decide on the increase or reduction of the registered capital, the consent of at least two thirds of the votes of the shareholders present of each type of shares, which the Company issued or in place of which interim certificates were issued, shall be required.

5. Decisions:

- a) On the change of the type or form of shares;
- b) On the change of the rights attached to a certain type of shares;
- c) On the restriction of the share transferability of registered shares;
- d) On the revocation of the Company's shares listing on a European regulated market or foreign market similar to a regulated market;

have to be adopted with at least a three-quarters majority of the votes of the shareholders present holding these shares.

6. Decisions:

- a) On ruling out or restricting pre-emptive rights for the acquisition of convertible and priority bonds;
- b) On ruling out or restricting pre-emptive rights for the subscription of new shares;
- c) On the approval of a controlling contract and its amendments;
- d) On the approval of a profit transfer agreement and its amendments;
- e) On the increase of the registered capital by non-monetary investment contributions;
- f) On mergers, spin-off, transfer of assets to one shareholder, division, or on a change of legal form of the Company;

have to be adopted with at least a three-quarters majority of the votes of the shareholders present.

If the Company issues more types of shares, the consent of at least three-quarters of the shareholders present of each type of shares shall be required.

- 7. For the decisions on the merger of shares, the consent of all of the shareholders whose shares are to be merged shall be necessary.
- 8. When establishing whether the General Meeting has a quorum in order to make decisions and during voting at the General Meeting, the shares or interim certificates, which are not attached with the right to cast a vote or if it is not possible to exercise the right to cast a vote attached to them, shall not be taken into account.
- 9. A shareholder cannot exercise a right to cast a vote:
 - a) Attached to an interim certificate if he is in delay in paying the issue price of not fully-paid up shares or a part thereof;
 - b) If the General Meeting is deciding on his non-monetary investment contribution;

- c) If the General Meeting is deciding whether to conclude, outside usual business practice, a contract with him or with another person with whom he is involved in concerted conduct, except when it concerns a Company transformation agreement, a profit transfer agreement, a controlling contract, a contract of sale of an enterprise or a part thereof, or a contract of lease of an enterprise or a part thereof, or whether to grant him or a person with whom he is involved in concerted conduct an advantage or whether compliance with obligations is to be waived with respect to them, or whether he is to be removed from the office of a member of the Company body due to breaching an obligation when performing such an office; decisions on the election of a Company body or a member of such shall not be regarded as deciding on the conclusion of a contract.
 - d) In other cases stipulated by law.
10. Matters, which were not included in the disclosed agenda of the General Meeting, may be decided upon only if all of the shareholders of the Company are present and agree therewith.

IIIb – BOARD OF DIRECTORS

Article 19

Status and Scope of Powers of the Board of Directors

1. The Board of Directors is a statutory body, which manages the activities of the Company, acts on its behalf and binds the Company in the way defined herein.
2. The Board of Directors decides on all matters of the Company, unless these are reserved by law or these Articles of Association for the scope of powers of the General Meeting or the Supervisory Board.
3. The performance of the office of a member of the Board of Directors is non-substitutable.
4. The Board of Directors follows the principles and instructions approved by the General Meeting, should they be in compliance with legal regulations and the Articles of Association.
5. No one shall be entitled to give the Board of Directors instructions as to the business management of the Company, unless law stipulates otherwise.
6. The Board of Directors is entitled to perform mainly the following:
 - a) Ensuring the business management including the due administration of the company's accounting, ensuring the operational matters of the Company and preparing a regular report on the financial performance for the Supervisory Board;
 - b) Convening the General Meeting and ensuring it from an organisational point of view;

- c) Ensuring the preparation and submission of the following, for the approval by the General Meeting;
- The annual, extraordinary and consolidated financial statements and possibly the interim financial statements, as well as a proposal for profit division or settlement of loss in accordance with the Articles of Association, at least 30 days prior to the scheduled day of the General Meeting;
 - A report by the Board of Directors on the business activities of the Company, and on the balance of its assets, which is a part of the annual report, at least once in an accounting period;
 - Proposals for amendments of the Articles of Association;
 - Proposals to increase or reduce the registered capital as well as the issue of bonds pursuant to Article 9 herein;
 - Proposals for profit division including the determination of the amount and payout method of dividends and Directors' fees;
 - Proposals of the method to cover the Company losses arisen in the previous accounting period;
 - Proposals for setting up and disbanding other herein not-specified bodies, as well as the definition of their status and scope of powers;
 - Proposals for the winding up of the Company with liquidation, and approval of the shares in the liquidation balance as well as the decision on its transformation;
 - Proposals to file an application to accept the participating securities of the Company for trading on the regulated European market or similar foreign market or elimination of these securities from trading on the regulated European market or similar regulated market;
 - Proposals for the long-term concept and strategy of the Company development and proposals for their amendments;
 - Proposals to found or dissolve trading companies, if the share in the registered capital or more precisely the value of the ownership interest in each individual case exceeds CZK 10,000,000.00 (in words: ten million Czech crowns) also outside of the territory of the CR;
 - Proposals for the creation, cessation, increase or reduction of the ownership interest in other trading companies, if the ownership interest in a trading company exceeds, or shall exceed as a result of such an act, 33% of the registered capital of the relevant trading company or the value of the ownership interest in each individual case exceeds CZK 10,000,000.00 (in words: ten million Czech crowns), also outside of the territory of the CR;
 - Proposals to accept any guarantees, or provide other security or confirmation for debts of third parties starting from the value of CZK 10,000,000.00 (in words: ten million Czech crowns) in an individual case;
 - The approval of agreements on the performance of the office of the Board of Directors and the Supervisory Board members, work and similar agreements concluded with the Board of Directors and the Board of Directors members, remuneration of members of the Board of Directors and the Supervisory Board and rules for providing possible extra settlements to the members of the Board of Directors and the Supervisory Board;

- d) Executing valid resolutions, decision and instructions of the General Meeting;
- e) Keeping the list of shareholders, ensuring the proper keeping of the prescribed records, accounting, business books and other documents of the Company;
- f) Submitting the following to the Supervisory Board:
 - The annual, extraordinary and consolidated financial statements and possibly the interim financial statements, as well as a proposal for profit division or settlement of loss, at least 30 days prior to the scheduled day of the regular General Meeting;
 - Basic financial reports or non-audited Profit and Loss Statements and minutes of the sessions of the Board of Directors;
- g) Increasing the registered capital of the Company subject to the decision of the Board of Directors based on the authorisation of the General Meeting;
- h) Removing head employees of the Company who have an agreement with the possibility of being dismissed from a job position concluded in accordance with Section 73, Sub-sections 2 to 6 of Act No. 262/2006 Coll. the Labour Code;
- i) Deciding on granting the approval or expressing disapproval to the disclosure of certain information requested by shareholders for reasons specified by the law;
- j) Convening the General Meeting without unnecessary delay after it has established that the total loss of the Company recorded in any financial statements reached such an amount that if settled from the available resources of the Company, the unsettled loss would reach a half of the registered capital, or if it is possible to assume this, taking into consideration all the circumstances, or if it discovers that the Company went bankrupt, and proposes that the General Meeting wind up the Company or adopt another measure, unless the Act on Bankruptcy and Composition specifies otherwise;
- k) Filing a petition in bankruptcy against the assets of the Company or a petition for the approval of composition with the relevant court without unnecessary delay if the terms and conditions set by special legislation have been met in accordance with the decision of the General Meeting convened subject to the previous Sub-section;
- l) Deciding on the employment of the finances from the funds of the Company at the extent approved by the General Meeting;
- m) Deciding on the foundation or dissolution of trading companies, if the share in the registered capital or more precisely the value of the ownership interest in each individual case does not exceed CZK 10,000,000.00 (in words: ten million Czech crowns) also outside of the territory of the CR;
- n) Deciding on the creation, cessation, increase or reduction of the ownership interest in other trading companies or associations, if the ownership interest in a trading company does not exceed, or shall not exceed as a result of such an act, 33% of the registered capital of the relevant trading company or the value of the ownership interest in each individual case does not exceed CZK 10,000,000.00 (in words: ten million Czech crowns), also outside of the territory of the CR;
- o) Deciding on accepting any guarantees, or providing other security and confirmation of debts of third parties up to the value of CZK 10,000,000.00 (in words: ten million Czech crowns) in each individual case.

7. The Board of Directors shall be bound to request the previous consent of the Supervisory Board for the following decisions:

- a) On the transfer and pledging of Companies' own shares;

- b) On the transfer and pledging of shares issued by the Company for the benefit of a third party or granting of shares for the securing purpose;
- c) On the adoption of a business plan, annual financial plan, including the investment plan of the Company;
- d) On the proposal to conclude a contract on acquisition, alienation, pledging or leasing the assets of the Company, the accounting value of which in each individual case exceeds the sum of CZK 300,000,000.00 (in words: three hundred million Czech crowns). This shall not relate to matters of an operational nature and transactions, which cannot be postponed. However, in such a case the Board of Directors shall be bound to inform the Supervisory Board thereabout;
- e) On the proposal to conclude a contract on the strength of which the Company is to acquire or alienate assets if in the course of one accounting period the value of the assets to be acquired or alienated exceeds one third of the equity capital recorded in the last annual financial statements or the consolidated financial statements, if the Company prepares consolidated financial statements;
- f) On the alienation and long-term lease of real estate, if in one individual case the accounting value of the real estate exceeds CZK 10,000,000.00 (in words: ten million Czech crowns);
- g) On the plans going beyond the extent of the approved annual financial and investment plan with the financial range above CZK 50,000,000.00 (in words: fifty million Czech crowns) per annum;
- h) On entering into an agreement on a long-term or medium-term loan (credit) or an agreement concerning other long-term financial transactions, with the exception of hedging transactions, or an agreement for any borrowing outside of the ordinary course of business of the Company, above CZK 300,000,000.00 (in words: three hundred million Czech crowns);
- i) On proposal to increase or reduce the registered capital and the issue of bonds subject to the law presented to the General Meeting;
- j) On disposal and acquisition of aircrafts;
- k) On operation of an aircraft manufactured by a manufacturer other than the manufacturer of the aircraft then operated in the fleet of the Company;
- l) On business transactions by and between Company and its affiliated person in case that (i) the total annual consideration paid by the Company for the services provided or goods delivered to the Company by such affiliated person during the respective calendar year increases in comparison to the total annual value of the services provided or goods delivered in the previous calendar year by more than fifteen per cent (15%), or (ii) the value of such transaction exceeds CZK 20,000,000.00 (twenty million Czech crowns);
- m) On issuance of any guarantees, or providing other security for liabilities of third parties starting from the value of CZK 20,000,000.00 (twenty million Czech crowns) in each individual case;

- n) On the execution, amendment or cancellation of any contract resulting into a financial liability of the Company with value of CZK 50,000,000.00 (fifty million Czech crowns) or more;
- o) On framework of collective bargaining;
- p) On collective bargaining agreement;
- q) On the acquisition or disposition of any asset of the Company outside the ordinary course of business with value of CZK 20,000,000.00 (twenty million Czech crowns) or more;
- r) On acquisition or disposal of ownership or leasing (as lessee) of any tangible asset, provided that the total value of the underlying assets or transaction (or series of transactions serving for the same commercial purpose) exceeds 35% of the turnover of the Company within the financial year preceding the effective date of the respective transaction;
- s) In other cases, should the law so stipulate.

8. The Board of Directors shall be bound to inform the Supervisory Board:

- a) About the proposal for significant changes in the organisational rules of the Company;
- b) About the proposal of the agenda of the General Meeting, as well as all proposals and materials to be submitted by the Board of Directors to the General Meeting for a decision or informational purposes;
- c) About the intentions concerning the acquisition, alienation, pledging or leasing of the assets of the Company, the accounting value of which in each individual case exceeds the sum of CZK 300,000,000.00 (in words: three hundred million Czech crowns). This shall not relate to matters of an operational nature and transactions, which cannot be postponed. With its resolution the Supervisory Board may reserve the right for itself to discuss and provide its viewpoint on the intention to conclude a contract of acquisition, alienation, pledging or leasing of assets of the Company even in cases when the accounting value of this transaction does not exceed the sum of CZK 300,000,000.00 (in words: three hundred million Czech crowns);
- d) About the proposals to found or dissolve trading companies, if the share in the registered capital or more precisely the value of the ownership interest in each individual case exceeds CZK 10,000,000.00 (in words: ten million Czech crowns) also outside of the territory of the CR;
- e) About the proposals for the creation, cessation, increase or reduction of the ownership interest in other trading companies or associations, if the ownership interest in a trading company does not exceed, or shall not exceed as a result of such an act, 33% of the registered capital of the relevant trading company or the value of the ownership interest in each individual case does not exceed CZK 10,000,000.00 (in words: ten million Czech crowns), also outside of the territory of the CR;
- f) About the setting up and approval of the rules for the creation and employment of funds of the Company;

- g) g) About the proposals to accept any guarantees for debts of third parties starting from the value of CZK 10,000,000.00 (in words: ten million Czech crowns) in an individual case;
 - h) About the principles of collective bargaining;
 - i) About contracts with customers and suppliers at the financial scope above CZK 100,000,000.00 (in words: one hundred million Czech crowns) per annum;
 - j) About the course and results of the sessions of the Board of Directors.
9. The Board of Directors shall be bound to inform the Supervisory Board in advance about the entering into employment and dismissal of any employee who reports (is responsible) directly to any member of the Board of Directors.
10. At the request of the Supervisory Board the Board of Directors shall be obliged to provide the Supervisory Board with information associated mainly with the business activities of the Company.

Article 20

Number of Members of the Board of Directors and Term of Office

1. The Board of Directors has 4 (in words: four) members. A member of the Board of Directors may only be a natural person who has reached 18 years of age, has the full capacity to undertake legal acts, is legally competent in accordance with the Trades Licensing Act and in relation to whom no facts which represent an impediment to carrying out business activities under the Trades Licensing possibly who meets the requirements set by special legislation.
2. The members of the Board of Directors are elected and removed by the General Meeting for a five-year term of office. Re-electing a member of the Board of Directors is permissible. The office of a member of the Board of Directors shall cease to exist by electing a new member of the Board of Directors, however no later than within three months after the termination of the term of office of this member.
3. A member of the Board of Directors may resign from his office with a written notification delivered to the Board of Directors. The Board of Directors shall discuss the resignation of a member of the Board of Directors at its nearest session after the delivery of the resignation, however no later than within 1 month. On the day of the discussion about the resignation, the office of the resigning member of the Board of Directors shall be terminated. If the notification of resignation is not discussed in this way, the office of the resigning member of the Board of Directors shall be terminated upon the expiration of the last day of the one-month period to no avail. If a member of the Board of Directors announces his resignation at the session of the Board of Directors, then the performance of the office shall be terminated upon the lapse of one month after such an announcement, unless the Board of Directors approves a different point of the termination of the office at the request of the member in question.

4. If a member of the Board of Directors dies, resigns, or is removed, or his term of office terminates in a different way, the General Meeting must elect a new member of the Board of Directors within two months. If due to this reason, the Board of Directors is incapable of fulfilling its functions, the missing member/members shall be appointed by court on the motion of a person, who shall substantiate that he has a legal interest in this, namely for the period until the new member/members of the Board of Directors is/are elected by the General Meeting.
5. The Board of Directors shall elect the Chairman and two Vice-chairmans from among their number.

Article 21

Obligations of Members of the Board of Directors

1. Members of the Board of Directors are obliged to perform their activities with due managerial care and to maintain secrecy about confidential information and facts, the disclosure of which to third persons could inflict damage on the Company. The obligation to maintain secrecy shall last even after the termination of the performance of office. If there are doubts as to whether a member of the Board of Directors performed his activities with due managerial care, the burden of producing evidence proving that the member of the Board of Directors performed his activities with due managerial care shall lie with this member.
2. Members of the Board of Directors shall be liable for damages, which they jointly inflicted on the Company by carrying out the instruction of the General Meeting, only if this instruction contradicts legal regulations.
3. Members of the Board of Directors, who caused damage to the Company by breaching their legal duties while exercising their powers, shall be liable for such damage jointly and severally. However, if the Articles of Association require the previous consent of the Supervisory Board for a certain conduct of the Board of Directors and the Supervisory Board does not give its consent to such conduct or if the Supervisory Board exercises its right to ban a certain conduct of the Board of Directors in the name of the Company, members of the Board of Directors shall not be liable for damages, which shall be inflicted on the Company by compliance with such a decision. The damages inflicted in this way shall be of joint and several liability of those members of the Supervisory Board, who voted for the adoption of this decision unless they acted with due managerial care.
4. Directors as well as members of the Supervisory Board, who voted on the adoption of this decision, shall be liable for damages inflicted in this way jointly and severally unless they acted with due managerial care.
5. Members of the Board of Directors shall be bound to observe the limitations relating to the ban on competition, which arises for them from the relevant statutory provisions, from the decisions of the General Meeting and Articles of Association.

Article 22

Convening the Sessions

1. Sessions of the Board of Directors are governed by the rules of procedure of the Board of Directors adopted by the Board of Directors, which regulate in particular the details of convening a session, its proceedings and decision-making.
2. A session of the Board of Directors takes place at least once a month.
3. The Chairman of the Board of Directors shall be bound to convene the session always when a member of the Board of Directors so requests or the Supervisory Board imposes this on him. The request must be made in writing and contain the urgent reason for the convening of the session.
4. A session of the Board of Directors is convened by its Chairman or Vice-chairman by written invitation, in which they shall state the place, date, hour of the session and its agenda. The invitation must be delivered to the members of the Board of Directors, Chairman and Vice-chairman of the Supervisory Board at least 5 calendar days before the session.
5. In serious cases the Chairman may convene the members of the Board of Directors for a meeting also by means of communication technology; e.g. by fax or e-mail, if all of the members of the Board of Directors agree therewith. However, in such a case the invitation must contain all of the above specified essentials and the members of the Board of Directors shall confirm its receipt.
6. In cases when there is a danger of delay, the Chairman may convene the members of the Board of Directors even in a way other than in writing, e.g. by telephone or verbally etc. However, he shall be bound to communicate to them the reason for this action. After the opening of the session the members of the Board of Directors confirm that they are meeting on the basis of a verbal convening and that they have been duly informed about the agenda, which they are to discuss.

Article 23

Sessions of the Board of Directors

1. Each member of the Board of Directors, Chairman, Vice-chairman or delegated member of the Supervisory Board is entitled to participate in a session of the Board of Directors.
2. At its discretion the Board of Directors may invite other persons to its session, particularly members of other bodies of the Company, its employees or shareholders.
3. A session of the Board of Directors is chaired by its Chairman and in his absence by the Vice-chairman.

4. An item, which was not on the agenda of the session of the Board of Directors, shall be discussed by the Board of Directors only if all members of the Board of Directors are present and a simple majority of the members of the Board of Directors voiced its consent to including the item in the agenda of the session of the Board of Directors.
5. Minutes are taken on the course of the session of the Board of Directors and the adopted decisions, and they are to be signed by the Chairman of the Board of Directors, in his absence the Vice-chairman or possibly the person who chaired the session and the Minutes-taker.
6. Minutes of the session of the Board of Directors must contain in particular the information about which decisions were adopted, names of the members of the Board of Directors, who did not vote for the adoption of individual resolutions of the Board of Directors or who abstained from voting, and if they communicated the reasons for it, then also these reasons are to be included. Unless the opposite is proved, it shall apply that the members not stated by name voted in favour of the resolution.
7. The minutes shall be kept in the Company's files similarly as the minutes of the General Meeting.

Article 24

Decision-making by the Board of Directors

1. The Board of Directors shall have a quorum, if at least a simple majority of its members are present at the session. In the cases referred to in paragraphs a. to g. Article 24.2 the Board of Directors constitutes a quorum if all its members are present at the session of the Board of Directors.
2. For adopting a resolution on all matters discussed at the session of the Board of Directors, the consent of a simple majority of the votes of the members present is necessary, with the exception of
 - a) voting on the rules of procedure of the Board of Directors,
 - b) decision-making on matters requiring prior consent of the General Meeting or the Supervisory Board,
 - c) decisions regarding approval of transfer of shares,
 - d) election and removal of the Chairman and Vice-chairman of the Board of Directors,
 - e) decision-making on adoption of the financial plan, business model of the Company, including also flight schedule structure and changes thereof,
 - f) decision-making on introduction of managerial posts and occupation thereof
 - g) decision-making on Company's financing, in particular on granting credits, loans and bonds, where the decision is made solely with the consent of all its members.
3. Each member of the Board of Directors has one vote. Should the votes in the Board of Directors' decision making be equal, the Chairman's vote shall be prevail.
4. If all of the members of the Board of Directors agree, voting may be executed in writing or by other communication means outside the session. The voting members shall be considered as being present.

Article 25

Decision-making by the Board of Directors Outside the Session

1. The Board of Directors may also adopt a decision outside the session, the so-called per rollam resolution. In such a case all of the members of the Board of Directors must give their written viewpoint on the proposed decision, and the decision shall be adopted, if approved by all of the members of the Board of Directors.
2. The decision adopted in this way must be duly documented in writing without unnecessary delay. Its content, including substantiation of the consent under Sub-section 1, as well as the information regarding who voted in which way, must be recorded in the minutes of the nearest session of the Board of Directors.

Article 26

Work Commissions, Teams and Committees of the Board of Directors

1. The Board of Directors may set up work commissions, teams and committees to suit its needs.
2. Details of the manner of holding sessions of the committees are set in the statutes of each of the committees, which are to be approved by the Board of Directors. The session of a committee is governed by the rules of procedure of the committee adopted by the committee, which regulate in particular the details of convening a session, its proceedings and decision-making.

IIIc – SUPERVISORY BOARD

Article 27

Status and Scope of Powers of the Supervisory Board

1. The Supervisory Board is an inspecting body of the Company. It oversees the implementation of the business activities of the Company and the performance of the scope of powers by the Board of Directors.
2. The performance of the office of a member of the Supervisory Board is non-substitutable.
3. An appointed member of the Supervisory Board represents the Company in proceedings before courts and other bodies held against members of the Board of Directors.
4. The Supervisory Board is entitled to perform mainly the following:

- a) Reviewing annual, extraordinary and consolidated financial statements and possibly the interim financial statements, as well as the proposal for profit division (including the determination of the amount and payout method of dividends and Directors' fees), proposal for settlement of loss and presenting its viewpoints to the General Meeting;
- b) Discussing the report of the Board of Directors on business activities and on the balance of the assets of the Company, which is a part of the annual report of the Company;
- c) Discussing the results of economic activities of the Company on a regular basis;
- d) Convening the General Meeting, should the interests of the Company so require and proposing necessary measures at the General Meeting;
- e) Deciding on the division of the Directors' fees determined by the General Meeting between the Board of Directors and the Supervisory Board, unless the General Meeting has done so;
- f) Deciding on the division of the Directors' fees among individual members of the Board of Directors and the Supervisory Board, unless the General Meeting has done so;
- g) Discussing contractual terms and conditions for the remuneration of members of the Board of Directors and statutory bodies of subsidiary companies, including the determination and evaluation of the specific tasks of these persons on a once a year basis;
- h) Submitting to the General Meeting and the Board of Directors the results of its inspecting activities, its viewpoints, recommendations and proposals;
- i) Viewing accounting documents, files and records relating to the activities of the Company at any time;
- j) Checking whether the accounting entries and records are kept duly in accordance with their true state;
- k) Voicing its approval or disapproval on providing certain information to shareholders if the Board of Directors refuses to provide this information to them for reasons specified by the law;
- l) Checking whether the business activities of the Company are carried out in compliance with legal regulations, these Articles of Association and the instructions of the General Meeting.

3. The Supervisory Board gives its previous consent to the Board of Directors for the execution of the following decisions:

- a) On the transfer and pledging of Company's own shares;
- b) On the transfer and pledging of shares issued by the Company to a third party or granting shares for security purpose;

- c) On the adoption of a business plan, annual financial plan, including the investment plan of the Company;
- d) On the proposal to conclude a contract on acquisition, alienation, pledging or leasing the assets of the Company, the accounting value of which in each individual case exceeds the sum of CZK 300,000,000.00 (in words: three hundred million Czech crowns). This shall not relate to matters of an operational nature and transactions, which cannot be postponed. However, in such a case the Board of Directors shall be bound to inform the Supervisory Board thereabout;
- e) On the proposal to conclude a contract on the strength of which the Company is to acquire or alienate assets if in the course of one accounting period the value of the assets to be acquired or alienated exceeds one third of the equity capital recorded in the last annual financial statements or the consolidated financial statements, if the Company prepares consolidated financial statements;
- f) On the alienation and long-term lease of real estate, if in one individual case the accounting value of the real estate exceeds CZK 10,000,000.00 (in words: ten million Czech crowns);
- g) On the plans going beyond the extent of the approved annual financial and investment plan with the financial range above CZK 50,000,000.00 (in words: fifty million Czech crowns) per annum;
- h) On entering into an agreement on a long-term or medium-term loan (credit) or an agreement concerning other long-term financial transactions, with the exception of hedging transactions, or an agreement for any borrowing outside of the ordinary course of business of the Company, above CZK 300,000,000.00 (in words: three hundred million Czech crowns);
- i) On proposal to increase or reduce the registered capital and the issue of bonds presented to the General Meeting;
- j) On disposal and acquisition of aircrafts;
- k) On operation of an aircraft manufactured by a manufacturer other than the manufacturer of the aircraft then operated in the fleet of the Company;
- l) On business transactions by and between Company and its affiliated person in case that (i) the total annual consideration paid by the Company for the services provided or goods delivered to the Company by such affiliated person during the respective calendar year increases in comparison to the total annual value of the services provided or goods delivered in the previous calendar year by more than fifteen per cent (15%), or (ii) the value of such transaction exceeds CZK 20,000,000.00 (twenty million Czech crowns);
- m) On issuance of any guarantees, or providing other security for liabilities of third parties starting from the value of CZK 20,000,000.00 (twenty million Czech crowns) in each individual case;
- n) On the execution, amendment or cancellation of any contract resulting into a financial liability of the Company with value of CZK 50,000,000.00 (fifty million Czech crowns) or more;

- o) On framework of collective bargaining;
 - p) On collective bargaining agreements;
 - q) On the acquisition or disposition of any asset of the Company outside the ordinary course of business with value of CZK 20,000,000.00 (twenty million Czech crowns) or more;
 - r) On acquisition or disposal of ownership or leasing (as lessee) of any tangible asset, provided that the total value of the underlying assets or transaction (or series of transactions serving for the same commercial purpose) exceeds 35% of the turnover of the Company within the financial year preceding the effective date of the respective transaction;
 - s) In other cases, should the law so stipulate.
6. The Supervisory Board discusses the following information provided by the Board of Directors regarding:
- a) The proposal for significant changes in the organisational rules of the Company;
 - b) The proposal of the agenda of the General Meeting, as well as all proposals and materials to be submitted by the Board of Directors to the General Meeting for a decision or informational purposes;
 - c) The intentions concerning the acquisition, alienation, pledging or leasing of the assets of the Company, the accounting value of which in each individual case exceeds the sum of CZK 300,000,000.00 (in words: three hundred million Czech crowns). This shall not relate to matters of an operational nature and transactions which cannot be postponed. With its resolution the Supervisory Board may reserve the right for itself to discuss and provide its viewpoint on the intention to conclude a contract of acquisition, alienation, pledging or leasing of assets of the Company even in cases when the accounting value of this transaction does not exceed the sum of CZK 300,000,000.00 (in words: three hundred million Czech crowns);
 - d) The proposals to found or dissolve trading companies, if the share in the registered capital or more precisely the value of the ownership interest in each individual case exceeds CZK 10,000,000.00 (in words: ten million Czech crowns) also outside of the territory of the CR;
 - e) The proposals for the creation, cessation, increase or reduction of the ownership interest in other trading companies or associations, if the ownership interest in a trading company does not exceed, or shall not exceed as a result of such an act, 33% of the registered capital of the relevant trading company or the value of the ownership interest in each individual case does not exceed CZK 10,000,000.00 (in words: ten million Czech crowns), also outside of the territory of the CR;
 - f) The setting up and approval of the rules for the creation and employment of funds of the Company;

- g) The proposals to accept any securing or confirmation of debts of third parties starting from the value of CZK 10,000,000.00 (in words: ten million Czech crowns) in each individual case;
 - h) The principles of collective bargaining;
 - i) The contracts with customers and suppliers at the financial scope above CZK 100,000,000.00 (in words: one hundred million Czech crowns) per annum;
 - j) The course and results of the sessions of the Board of Directors;
 - k) The consent with entering into the employment and dismissal of any employee who reports (is responsible) directly to any member of the Board of Directors.
7. The Supervisory Board shall be entitled to request from the Board of Directors the provision of information connected particularly with the business activities of the Company.
 8. In pursuing its activities the Supervisory Board shall observe the generally binding legal regulations, Articles of Association of the Company, resolutions of the General Meeting and its rules of procedure.
 9. The Supervisory Board shall be entitled to be informed by the Board of Directors about its intention of convening the General Meeting and the proposed agenda of the session and moreover the Board of Directors shall be obliged to supplement the proposed agenda with the items put forth by the Supervisory Board.

Article 28

Number of Members the Supervisory Board and Term of Office

1. The Supervisory Board has 3 (in words: three) members.
2. A member of the Supervisory Board may only be a natural person who has reached 18 years of age, has the full capacity to undertake legal acts, has a legal competence in accordance with the Trades Licensing Act and in relation to whom no facts which represent an impediment to carrying out business activities under the Trades Licensing Act have occurred, or in relation to whom there are no impediments to perform an office, or possibly who meets the requirements set by special legislation.
3. A member of the Supervisory Board cannot be concurrently a member of the Board of Directors, procurator or a person authorised to act on behalf of the Company subject to the entry in the Commercial Register.
4. Members of the Supervisory Board are elected for a five-year term of office. Re-electing a member of the Supervisory Board is permissible. The office of a member of the Supervisory Board shall cease to exist by electing a new member of the Supervisory Board, however no later than within three months after the termination of the term of office of this member.

5. A member of the Supervisory Board may resign from his office with a written notification delivered to the Supervisory Board. The Supervisory Board shall discuss the resignation of a member of the Supervisory Board at its nearest session after the delivery of the resignation, however no later than within 1 month. On the day of the discussion about the resignation, the office of the resigning member of the Supervisory Board shall be terminated. If the notification of Board shall be terminated upon the expiration of the last day of a one-month period to no avail. If a member of the Supervisory Board announces his resignation at the session of the Supervisory Board, then the performance of the office shall be terminated upon the lapse of one month after such an announcement, unless the Supervisory Board approves a different point of the termination of the office at the request of the member in question.
6. If a member of the Supervisory Board dies, resigns, or is removed, or his term of office terminates in a different way, the General Meeting must elect a new member of the Supervisory Board within three months.
7. If the number of members of the Supervisory Board does not fall below half, the Supervisory Board may elect (co-opt) substitute members until the next session of the General Meeting.
8. The Supervisory Board shall elect and remove from among their number the Chairman and Vice-chairman.

Article 29

Obligations of Members of the Supervisory Board

1. Members of the Supervisory Board are obliged to perform their activities with due managerial care and to maintain secrecy about confidential information and facts, the disclosure of which to third persons could inflict damage on the Company. The obligation to maintain secrecy shall last even after the termination of the performance of the office. If there are doubts as to whether a member of the Supervisory Board performed his activities with due managerial care, the burden of producing evidence proving that the member of the Supervisory Board performed his activities with due managerial care shall lie with this member.
2. Members of the Supervisory Board shall be liable for damages, which they inflicted on the Company by carrying out the instructions of the General Meeting, only if this instruction contradicts legal regulations.
3. Members of the Supervisory Board, who caused damage by breaching their legal duties while exercising powers of the Supervisory Board, shall be liable for such damage jointly and severally.
4. Members of the Supervisory Board, who did not act with due managerial care and who subject to the law voted for the adoption of a decision banning the Board of Directors from performing certain conduct in the name of the Company or did not give their consent to certain conduct of the Board of Directors, shall be liable jointly and severally for damage incurred by the Company as a result of compliance with such a decision.

5. Members of the Supervisory Board shall be bound to observe the limitations relating to the ban on competition, which arises for them from the relevant statutory provisions, from the decisions of the General Meeting and Articles of Association of the Company.
6. Members of the Supervisory Board participate in the General Meeting of the Company and are obliged to inform the General Meeting about the results of its supervising activities.

Article 30

Convening the Sessions

1. Sessions of the Supervisory Board are governed by the rules of procedure of the Supervisory Board adopted by the Supervisory Board, which regulate in particular the details of convening a session, its proceedings and decision-making.
2. A session of the Supervisory Board usually takes place once a month, however at least eight times a year.
3. The Chairman of the Supervisory Board and in his absence the Vice-chairman shall be bound to convene a session always, when it is requested by a member of the Supervisory Board, the Chairman of the Board of Directors on the basis of a request made by the Board of Directors or in writing by the shareholders representing the qualified minority, if they simultaneously specified the urgent reason for its convening. The request must be made in writing.
4. A session of the Supervisory Board is convened by its Chairman or Vice-chairman in his absence by written invitation, in which they shall state the place, date, hour of the session and its agenda. The invitation must be delivered to the members of the Supervisory Board at least 7 calendar days before the session.
5. In serious cases the Chairman of the Supervisory Board and in his absence the Vice-chairman may convene the members of the Supervisory Board for a meeting also by means of communication technology; e.g. by fax or e-mail, if all members of the Supervisory Board agree therewith. However, in such a case the invitation must contain all of the above specified essentials and the members of the Supervisory Board shall confirm its receipt.
6. In cases when there is a danger of delay, the Chairman of the Supervisory Board and in his absence the Vice-chairman may convene the members of the Supervisory Board even in a way other than in writing, e.g. by telephone or verbally - etc. However, he shall be bound to communicate to them the reason for this action. After the opening of the session the members of the Supervisory Board confirm that they are meeting on the basis of a verbal convening and that they have been duly informed about the agenda, which they are to discuss.

Article 31

Sessions of the Supervisory Board

1. Each member of the Supervisory Board is entitled to participate in a session of the Supervisory Board. Members of the Supervisory Board may participate in any session of the Supervisory Board via video or telephone conferencing.
2. At its discretion the Supervisory Board may invite other persons to its session, particularly members of other bodies of the Company, its employees or shareholders.
3. A session of the Supervisory Board is chaired by its Chairman and in his absence by the Vice-chairman.
4. An item, which was not on the agenda of the session of the Supervisory Board, shall be discussed by the Supervisory Board only if a simple majority of all members of the Supervisory Board voiced its consent to including the item in the agenda.
5. Minutes are taken on the course of the session of the Supervisory Board and the adopted decisions and they are to be signed by the Chairman of the Supervisory Board, in his absence the Vice-chairman and the Minutes-taker.
6. Minutes of the session of the Supervisory Board must contain the information about which decisions were adopted, names of the members of the Supervisory Board, who did not vote for the adoption of individual resolutions or who abstained from voting, and if these members communicated the reasons for it and asked for them to be recorded, then also these reasons are to be included. Viewpoints of the minority of members shall be specified in the minutes if these so request. Unless the opposite is proved, it shall apply that the members not stated by name voted in favour of the resolution.
7. The minutes shall be kept similarly as the minutes of the General Meeting.

Article 32

Decision-making by the Supervisory Board

1. The Supervisory Board shall have a quorum, if at least a simple majority of all of its members is present at the session.
2. For adopting a resolution on all matters discussed at the session of the Supervisory Board, the consent of a majority of the votes of all of its members is necessary.
3. Each member of the Supervisory Board has one vote. In the case of an equal number of votes, the vote of the chairing person shall be decisive.
4. If all of the members of the Supervisory Board agree, the voting may be executed in writing or by other communication means outside the session of the Supervisory Board. The voting members shall be considered as being present.

Article 33

Decision-making by the Supervisory Board Outside the Session

1. The Supervisory Board may also adopt a decision outside the session. In such a case all of the members of the Supervisory Board must give their written viewpoint on the proposed decision, and the decision shall be adopted, if approved by all of the members of the Supervisory Board.
2. The decision adopted in this way must be duly documented in writing without unnecessary delay. Its content, including substantiation of the consent under Sub-section 1, as well as the information regarding who voted in which way, must be recorded in the minutes of the nearest session of the Supervisory Board.

IV – JOINT PROVISIONS CONCERNING ACTIVITIES OF THE BOARD OF DIRECTORS AND SUPERVISORY BOARD

Article 34

Ban on Competition

1. Members of the Board of Directors and Supervisory Board must not:
 - Carry out business activities in the same or similar line of business, as is the Company's, or enter into business relations with the Company;
 - Mediate or arrange business deals of the Company for other persons.
 - Participate in business activities of another company as a shareholder with unlimited liability or as a person controlling other entities with the same or similar line of business;
 - Perform activities as a statutory body or a member of a statutory or other body of another legal entity with the same or similar line of business, unless it is a case of a business concern.
2. The Company shall be entitled to demand that a member of the Board of Directors or the Supervisory Board, who has breached this ban, surrenders the gains from the business deals, in which he has breached the ban on competition, or transfers the relevant rights to the Company. Thereby the entitlement to damage compensation shall not be affected.
3. The rights of the Company under the previous Sub-section shall expire unless exercised within three months from the day when the Company learned about this fact, however at the latest upon the expiration of one year from its occurrence.

4. If at a session of the Board of Directors or the Supervisory Board a question of the similarity between the scope of business activities of the Company and the scope of business activities of a different company arises, the matter shall be decided by a resolution of the Board of Directors or the Supervisory Board.

Article 35

Committees of the Supervisory Board

1. Within its competences the Supervisory Board may set up committees (hereinafter referred to only as the Committees of the Supervisory Board). Only a member of the Supervisory Board may become a member of the Committee of the Supervisory Board.
2. Details of the manner of holding sessions of the Committees of the Supervisory Board are set in the statutes of each of the Committees of the Supervisory Board, which are to be approved by the Supervisory Board. The session of a committee is governed by the rules of procedure of the committee adopted by the committee, which regulate in particular the details of convening a session, its proceedings and decision-making.

Article 36

Conditions for Performance of the Office of Members of the Company Bodies on the Part of the Company, Remuneration and Directors' Fees for Members of the Company Bodies

1. Costs connected with the sessions as well as other activities of the Board of Directors and the Supervisory Board shall be borne by the Company.
2. Members of the bodies of the Company are provided by the Company with compensation for purposefully spent costs connected with the performance of their office and participation in the sessions of the bodies.
3. After approval by the General Meeting, members of the bodies of the Company shall be entitled, for the performance of their office, to remuneration, whose amount and method of payment are regulated by agreements by and between the Company and the members of its bodies.
4. Apart from the remuneration, members of the Board of Directors and the Supervisory Board shall also be entitled to Directors' fees, the amount of which is to be decided on by the General Meeting in connection with the decision on the division of profit.
5. In accordance with legal regulations, the Company may provide members of the Board of Directors and the Supervisory Board with settlements other than remuneration and Directors' fees, on the basis of rules for providing possible extra settlements to the members of the Supervisory Board approved pursuant to Article 13, Sub-section 3, Letter cc) of the Articles of Association by the General Meeting.

Article 37

Joint Committees of the Board of Directors and the Supervisory Board

1. Within the scope of their competences the Board of Directors and the Supervisory Board may set up joint committees (hereinafter referred to only as the Joint Committees). A member of the Joint Committee must be a member of the Board of Directors or the Supervisory Board.
2. Details of the manner of holding sessions of the Joint Committees are set in the statutes of each of the Joint Committees, which are to be approved by the Board of Directors and Supervisory Board. The session of a committee is governed by the rules of procedure of the committee adopted by the committee, which regulate in particular the details of convening a session, its proceedings and decision-making.

V – LEGAL ACTIONS AND SIGNING ON BEHALF OF THE COMPANY

Article 38

Acting and Signing on Behalf of the Company

1. The Board of Directors acts on behalf of the Company. Two members of the Board of Directors act jointly in public on behalf of the Board of Directors.
2. Two members of the Board of Directors sign on behalf of the Company by affixing their signatures to the printed or written trading name of the Company or a print of a stamp.
3. Moreover, employees of the Company act and sign in the name of the Company in relation to third parties within the scope of the authorisation associated with their job positions; in doing so they are bound by valid internal standardised and organisational acts of the Company or the scope of the granted authorisation. They sign by affixing their signatures to the printed or written trading name of the Company.
4. The Company may also be represented by an agent on the basis of a written power of attorney granted by the Company. The agent shall sign by affixing his signature to the printed or written trading name of the Company.

VI – ECONOMIC PERFORMANCE OF THE COMPANY

Article 39
Business Year

1. The business year is identical to a calendar year.

Article 40
Company's Bookkeeping

1. The Company keeps its accounting in the prescribed manner and in accordance with legal regulations.
2. Proper bookkeeping is ensured by the Board of Directors, which also arranges the verification of the financial statements by an auditor.
3. After receiving the auditor's report on auditing the financial statements and the financial performance of the Company, the Board of Directors shall submit the financial statements together with the auditor's report and the proposal for the profit division or settlement of loss to the Supervisory Board. The Supervisory Board shall review the submitted financial statements and the proposal for the profit division or settlement of loss and shall inform the General Meeting about the result.
4. The Board of Directors submits the annual, extraordinary and consolidated financial statements and possibly also the interim financial statements as well as the proposal for the profit division or settlement of loss to the General Meeting for approval.
5. The financial statements must be prepared in the manner matching the generally binding legal regulations and generally accepted accounting rules in a way as to provide full information about the assets and the financial situation, the Company is in, and about the earned profit or incurred losses in the decisive period. These financial statements or selected data therefrom with the specification of the time and place, when these can be viewed by shareholders, shall be sent to the shareholders at least 30 days prior to the date of the General Meeting.
6. The annual report also contains selected data from the approved financial statements. Moreover, the annual report is to contain the essentials defined by the law.

Article 41
Division of Profit and Settlement of Loss

1. The General Meeting decides on the division of the Company's profit on the proposal of the Board of Directors after being reviewed by the Supervisory Board.

2. Firstly taxes, levies and contributions subject to the generally binding legal regulations shall be paid on the Company's profit earned in the business year along with covering other needs of the Company, which cannot be settled from the costs.
3. The division of the net profit shall be decided on by the General Meeting.
4. The General Meeting may decide:
 - a) On the payout of dividends to shareholders;
 - b) On the payout of Directors' fees to members of the Board of Directors and the Supervisory Board;
 - c) On the allocation into the funds, if established;
 - d) On the increase of the registered capital,
 - e) On the settlement of losses,
 - f) On retaining the undivided profit for the upcoming periods.
5. The Company shall not be entitled to divide the profit or other own resources among shareholders, if the equity capital of the Company recorded in the annual or extraordinary financial statements is or would be, as a result of the profit division, lower than the registered capital of the Company, increased by:
 - a) The subscribed nominal value of the shares, if Company shares were subscribed in order to increase the registered capital and the increased registered capital has not been recorded in the Commercial Register as on the day of the preparation of the annual or extraordinary financial statements;
 - b) That part of the reserve fund or those reserve funds, which under the law and the Articles of Association must not be used by the Company for payments to shareholders.
6. The Board of Directors shall be obliged to provide information about the decision of the General Meeting concerning the due date of the dividends, place and method of the payout, or possibly the decisive day, in the manner determined by the law and the Articles of Association for the convening of the General Meeting.
7. The method of settlement of loss is to be decided by the General Meeting on the proposal of the Board of Directors after being reviewed by the Supervisory Board.
8. The loss may be settled from the funds of the Company, if established, or possibly by reducing the registered capital of the Company. Furthermore, the loss may be settled from the net profit or the profit retained from previous years. The General Meeting may decide on entering the loss in the account of accumulated losses from previous years.

VII – CHANGES IN THE REGISTERED CAPITAL

Article 42

Increase of the Registered Capital

1. The increase of the registered capital is decided on by the General Meeting or by the Board of Directors in compliance with the law or these Articles of Association.
2. The increase of the registered capital of the Company may be carried out by all the means permitted by the law.
3. In increasing the registered capital the Company observes the provisions of the law and proceeds in compliance with the following rules:
 - a) At least a two-thirds majority of the votes of the shareholders present shall be necessary for the decision of the General Meeting on the registered capital increase, unless the law specifies a larger majority for certain decisions;
 - b) The notification about the scheduled General Meeting shall contain, apart from the essentials described in Article 16 herein, also the essentials set by the law;
 - c) If it is possible to settle the issue price of the shares to be subscribed with monetary investment contributions, it shall be possible to subscribe to shares with non-monetary investment contributions only if it represents an important interest of the Company;
 - d) The subscription must be performed in the presence of a member of the Board of Directors and confirmed with his signature on the subscription deed, unless the law or a decision of the General Meeting specifies otherwise;
 - e) Share subscription cannot start before recording the resolution of the General Meeting in the Commercial Register, unless the petition to record this resolution in the Commercial Register has been lodged and the share subscription is tied to the condition of cancellation, which is the legal force of the decision on rejecting the petition to record the relevant resolution in the Commercial Register;
 - f) The resolution of the General Meeting may rule out or restrict the pre-emptive rights of the shareholders to subscribe to new shares only if it represents an important interest of the Company;
 - g) Within 30 days from the General Meeting's resolution on the registered capital increase, the Board of Directors shall file a petition to record this resolution in the Commercial Register;
 - h) The resolution of the General Meeting on the registered capital increase is executed by the Board of Directors itself or contractually through a different entity;
 - i) After complying with the terms and conditions set by the Commercial Code, these Articles of Association, or possibly the decision of the General Meeting, the Board of

Directors shall propose the recording of the new amount of the registered capital in the Commercial Register. The effects of the registered capital increase shall start from the day of this recording.

Article 43

Increase of the Registered Capital by the Board of Directors

1. On the basis of the General Meeting's resolution the Board of Directors may be authorised to decide to increase the registered capital under the terms and conditions set by the law and these Articles of Association, namely:
 - a) By share subscription;
 - b) Or from the own resources of the Company with the exception of the retained profit, however by no more than one third of the existing amount of the registered capital, from the day when the General Meeting authorised the Board of Directors to increase the registered capital.
2. The authorisation to increase the registered capital shall remain in force for the period of no more than five years from the day when the General Meeting that decided on the authorisation to increase the registered capital was held.
3. The authorisation must specify the nominal value, type, and form of shares, which are to be issued in order to increase the registered capital. Within the authorisation the Board of Directors may increase the registered capital several times if the overall amount of the registered capital increase does not exceed the limit set by the General Meeting.

Article 44

Method of Share Settlement and the Consequences of Breaching the Obligation to Settle the Subscribed Shares on Time

1. On the basis of the decision of the General Meeting the issue price of shares may be settled by both monetary and non-monetary investment contributions. If the non-monetary investment contribution is:
 - a) Movable assets, the subscriber shall be bound to submit the item to be invested to the Company and ensure that the Company acquires the title to the provided item of investment before the petition to record the registered capital increase in the Commercial Register is filed;
 - b) Real estate, the subscriber shall be bound to hand over the property to be invested to the Company along with the written declaration with the officially certified signature before the petition to record the registered capital increase in the Commercial Register is filed and to ensure that the Company acquires the title to the provided property of investment where the possible petition to enter the title in the relevant

register is to be filed within 15 days from the recording of the registered capital increase in the Commercial Register.

2. As to other non-monetary investment contributions, the investment contribution shall be settled upon the conclusion of a written investment agreement.
3. If the non-monetary investment contribution is know-how, the documentation in which the know-how is depicted, shall also be required, for the settlement to be recognised. If the non-monetary investment contribution is an enterprise or a part thereof, the handover of the enterprise or a part thereof shall also be required, for the settlement to be recognised. A report shall be made by the Company and the party making the investment contribution about the handover of the documentation in which the know-how is depicted, as well as about the handover of the enterprise or a part thereof.
4. If the title to the subject matter of the non-monetary investment contribution does not pass over to the Company, even though the non-monetary investment contribution is considered to have been settled, the person, who bound himself to make this investment contribution, shall be obliged to pay the value of the non-monetary investment contribution in monies and the Company shall be bound to return to this person the non-monetary investment contribution, which it took over, unless it is obliged to surrender it to the entitled party. If a shareholder transfers shares or interim certificates to a third person, the transferee acquiring the shares or interim certificates shall guarantee the fulfilment of the debt to pay the value of the non-monetary investment contribution in monies, unless it concerns an acquisition in a public stock market.
5. For the subscription to shares in the instance of the registered capital increase, the subscriber shall be obliged to pay the whole share premium and that part of the nominal value, however no less than 30%, which was determined by the relevant body in its decision on the registered capital increase. The remaining balance must be settled by deadlines subject to this decision, however within one year at the latest. Non-monetary investment contributions must be fully settled before the petition to record the registered capital increase in the Commercial Register is filed.
6. Unless the subscriber settles the issue price of the subscribed shares or the outstanding balance thereof, he shall be invited by the Board of Directors to pay it within the period of 30 days. After the lapse of this period to no avail the Board of Directors shall expel the subscriber from the Company and shall apply the procedure subject to the decision on the registered capital increase and in accordance with the law, or the General Meeting shall reduce the registered capital by cancelling the issuing of shares.
7. In the instance of the breach of the obligation to pay the issue price of the subscribed shares, the subscriber shall pay default interest at the rate of 24% per annum. Thereby the right to file an action demanding the settlement of the issue price shall not be affected.

Article 45

Reduction of the Registered Capital

1. The reducing of the registered capital is governed by the law and it is possible to reduce the registered capital :
 - a) By taking the shares out of circulation:

- on the basis of drawing lots ;
 - or on the basis of a proposal to shareholders ;
- b) By reducing the nominal value of shares and interim certificates;
- c) By cancelling the issuing of shares.
2. Concerning the reduction of the registered capital by taking the shares out of circulation:
- a) The reduction of the registered capital by taking the shares out of circulation on the basis of drawing lots is not permissible;
 - b) For the registered capital reduction by taking the shares out of circulation on the basis of a proposal it shall be proceeded as follows:
 - pursuant to the law, the General Meeting may decide on the registered capital reduction by taking the shares out of circulation;
 - subsequently the registered capital may be reduced to the extent of the nominal value of the shares, which shall be taken out of circulation in this way, or by a fixed sum;
 - the Board of Directors shall publish the draft contract subject to the law in the manner set for the convening of a General Meeting.
3. For the registered capital reduction it shall be further proceeded in accordance with these rules:
- a) The reduction of the registered capital is to be decided by the General Meeting where at least a two-thirds majority of the votes of the shareholders present at the General Meeting shall be required;
 - b) An invitation to such a General Meeting, shall contain, apart from the essentials stipulated in Article 16 herein, also the essentials specified by the law;
 - c) Within 30 days from the resolution of the General Meeting the Board of Directors shall file a petition for the recording thereof in the Commercial Register;
 - d) The resolution of the General Meeting on the reduction of the registered capital is executed by the Board of Directors itself or contractually through a different entity;
 - e) Within 30 days from the effective date of the General Meeting's resolution on the registered capital reduction in relation to third parties, the Board of Directors shall notify in writing all known creditors, whose claims due from the Company had been created before the day of this resolution becoming effective in relation to third parties, of the extent of the reduction in the registered capital, inviting them to file their claims. The resolution of the General Meeting on the registered capital reduction after being recorded in the Commercial Register shall be published by the Board of Directors on no fewer than two occasions at least 30 days apart, inviting the creditors to file their claims;
 - f) The Board of Directors shall file a petition for recording the registered capital reduction in the Commercial Register within the period subject to the law;
 - g) The registered capital must not be reduced below the statutory limit stipulated by the law;
 - h) If the Company is obliged to reduce the registered capital, it shall use for its reduction its own shares or interim certificates, if it has them in its assets. In other cases of the registered capital reduction, the Company shall use for its reduction particularly its own shares or interim certificates. The registered capital may be reduced in another way, only if this procedure is not sufficient for the registered capital reduction to the extent stipulated by the General Meeting or if this method would not fulfil the purpose of the registered capital reduction;
 - i) Before recording the registered capital reduction in the Commercial Register and before satisfying or securing the claims of creditors pursuant to the law, it shall not be

possible to provide shareholders with the performance on the grounds of the registered capital reduction or it shall not be possible to waive or reduce the unpaid parts of the nominal values of their shares for that reason.

Article 46

Concurrent Reduction and Increase of the Registered Capital

1. Under the terms and conditions specified by the law the General Meeting may concurrently decide on the reduction and increase of the registered capital, if the purpose of the registered capital reduction is to adjust the nominal value of the existing registered shares to their price in the public stock market in connection with the increase of the registered capital by the subscription of new shares on the basis of a public offering.
2. In its resolution on the concurrent reduction and increase of the registered capital the General Meeting may determine the extent of the registered capital reduction in a way of specifying the method of the calculation of the sum of the reduction subject to the issue price of the new shares, which shall be determined at a later date. It must be evident from this method of determination by how much the registered capital shall be reduced. In its resolution on the concurrent reduction and increase of the registered capital the General Meeting shall authorise the Board of Directors to disclose the sum of the registered capital reduction with the corresponding new nominal values of the existing shares of the Company without unnecessary delay in the manner prescribed by the law and the Articles of Association for convening the General Meeting.

VIII – FINAL PROVISIONS

Article 47

Winding up and Dissolution of the Company

1. The dissolution of the Company is preceded by its winding up with or without liquidation. The details thereof are defined by law.
2. The Company shall be dissolved upon its deletion from the Commercial Register.

Article 48

Disclosures, Notifications and Information

1. Facts which the Company is to disclose shall be published in the Commercial Bulletin or on the Company's website, and moreover in the registered seat of the Company at the place designated thereto.

2. Documents intended for shareholders are delivered by the Company to their address given in the list of shareholders. These shareholders shall be bound to immediately notify the Board of Directors about all changes in the data contained in this list.
3. Documents intended for other persons shall be delivered to their addresses communicated to the Company.

Article 49

Legal Conditions

Legal Conditions of the Company are governed by the law No. 90/2012 Coll., on Commercial Corporations and Co-operatives (Law on the C.C.), as amended.

Article 50

Procedure for Supplementing and Amending These Articles of Association

1. The General Meeting decides on the amending and supplementing of these Articles of Association.
2. The Board of Directors is to provide its viewpoint on each proposal for the amending and supplementing of the Articles of Association. If the proposal for the amending or supplementing of the Articles of Association is put forth by the Board of Directors, then it is the Supervisory Board that provides its viewpoint.
3. If an amendment of the Articles of Association of the Company is to be on the agenda of the General Meeting, then the notification about its scheduled date must at least characterise the essence of the proposed amendments and the draft amendments of these Articles of Association must be available to shareholders for viewing at the registered seat of the Company within 30 days before the scheduled date of the relevant General Meeting. A shareholder is entitled to request having a copy of the draft Articles of Association sent to him at his own risk and expense. Shareholders must be notified about these rights in the invitation to the General Meeting or the notification about the scheduled General Meeting.
4. If a shareholder intends to put forth counterproposals to the proposed amendments to these Articles of Association at the General Meeting, he shall be obliged to deliver the written wording of his proposal to the Company at least five business days before the scheduled date of the relevant General Meeting. The Board of Directors shall be bound to publish the shareholder's counterproposal, together with its opinion, if possible at least three days before the scheduled date of the General Meeting.
5. After the approval of the amendments of these Articles of Association by the General Meeting, the Board of Directors shall arrange the preparation of the new full wording of the Articles of Association of the Company and shall submit these to the relevant registration court.

Article 51

Operation of the Articles of Association

1. These Articles of Association become effective on 4.4. 2014.
2. If the General Meeting decides on the increase or reduction of the registered capital, on splitting shares or joining several shares into one share, on changing the form or type of shares or the restriction of share transferability or alterations to the already existing restrictions, then such amendments shall become effective on the day of recording these facts in the Commercial Register. Other amendments shall become effective at the point when the General Meeting decided on them, unless it emerges from the decision of the General Meeting on the amendment of the Articles of Association or from the law that they are to become effective on a later date.

Correctness certified on 4.4. 2014

.....
Philippe M. Moreels
Chairman of the Board of Directors

.....
Jozef Sinčák
Member of the Board of Directors

Schedule 3 Reserved Matters

The following decisions of the General Meeting will be considered to be Reserved Matters:

1. decision on amendment of Company's Articles of Association;
2. decision on increase or decrease of the registered capital including increase of the registered capital by non-monetary investment contributions;
3. decision on change of the rights attached to the Shares;
4. decision on change of the type or the form of the Shares;
5. decision on issuance of debentures pursuant to section 286 of the Corporations Act;
6. decisions on filing an application for acceptance of the Company's subscriber securities for trading on a European regulated market or foreign market similar to a regulated market or their removal from trading;
7. decisions on winding up the Company with liquidation;
8. decisions on mergers, spin-off, transfer of assets to one shareholder, division, or on a change of legal form of the Company;
9. approval of the agreements listed in section 421(2)(m) of the Corporations Act or agreement on lease of enterprise;
10. approval of the profit transfer agreement, controlling agreement and the agreement pursuant to section 2747 of the Civil Code ;
11. decision on declaration of share dividends and distribution of Company's profit;
12. decision on discontinuation of existing core businesses of the Company as specified in Czech Commercial Register (i.e. commercial air transport);
13. decision on granting stock options;
14. decision on application of Act No. 90/2012 Coll., Act on Corporations, on the Company; and
15. all other matters requiring higher majority than a simple majority of votes present at the General Meeting under the Corporations Act, other relevant law, or the Articles of Association pursuant to Schedule 1 (*Articles of Association of the Company*).

Schedule 4 Supervisory Board's Consent

The following decisions of the Board of Directors may not be passed without the prior consent of the Supervisory Board:

1. approval of any transfers of Shares to any third person and any pledge, or otherwise the use as a security interest, of any Shares;
2. decision on disposal and acquisition of aircrafts;
3. decision on any Company's borrowings outside of the ordinary course of business of the Company exceeding CZK 300,000,000.00 (three hundred million Czech crowns);
4. on business transactions by and between Company and any of its affiliated persons (which shall include any of the Czech Shareholders and its affiliated person) if (i) the total annual consideration paid by the Company for the services provided or goods delivered to the Company by such affiliated person during the respective calendar year increases in comparison to the total annual value of the services provided or goods delivered in the previous calendar year by more than fifteen per cent (15%), or (ii) the value of such transaction exceeds CZK 20,000,000.00 (twenty million Czech crowns);
5. decision on issuance of any guarantees, or providing other security for liabilities of third parties starting from the value of CZK 20,000,000.00 (twenty million Czech crowns) in each individual case;
6. decision on the execution, amendment or cancellation of any contract involving the Company with value of CZK 50,000,000.00 (fifty million Czech crowns) or more;
7. decision on framework of collective bargaining;
8. decision on collective bargaining agreement; and
9. decision on (i) the acquisition or disposition of any asset of the Company outside the ordinary course of business with value of CZK 20,000,000.00 (twenty million Czech crowns) or more, or (ii) the acquisition or disposal of ownership or leasing (as lessee) of any tangible asset, provided that the total value of the underlying assets or transaction (or series of transactions serving for the same commercial purpose) exceeds 35% of the turnover of the Company within the financial year preceding the effective date of the respective transaction.

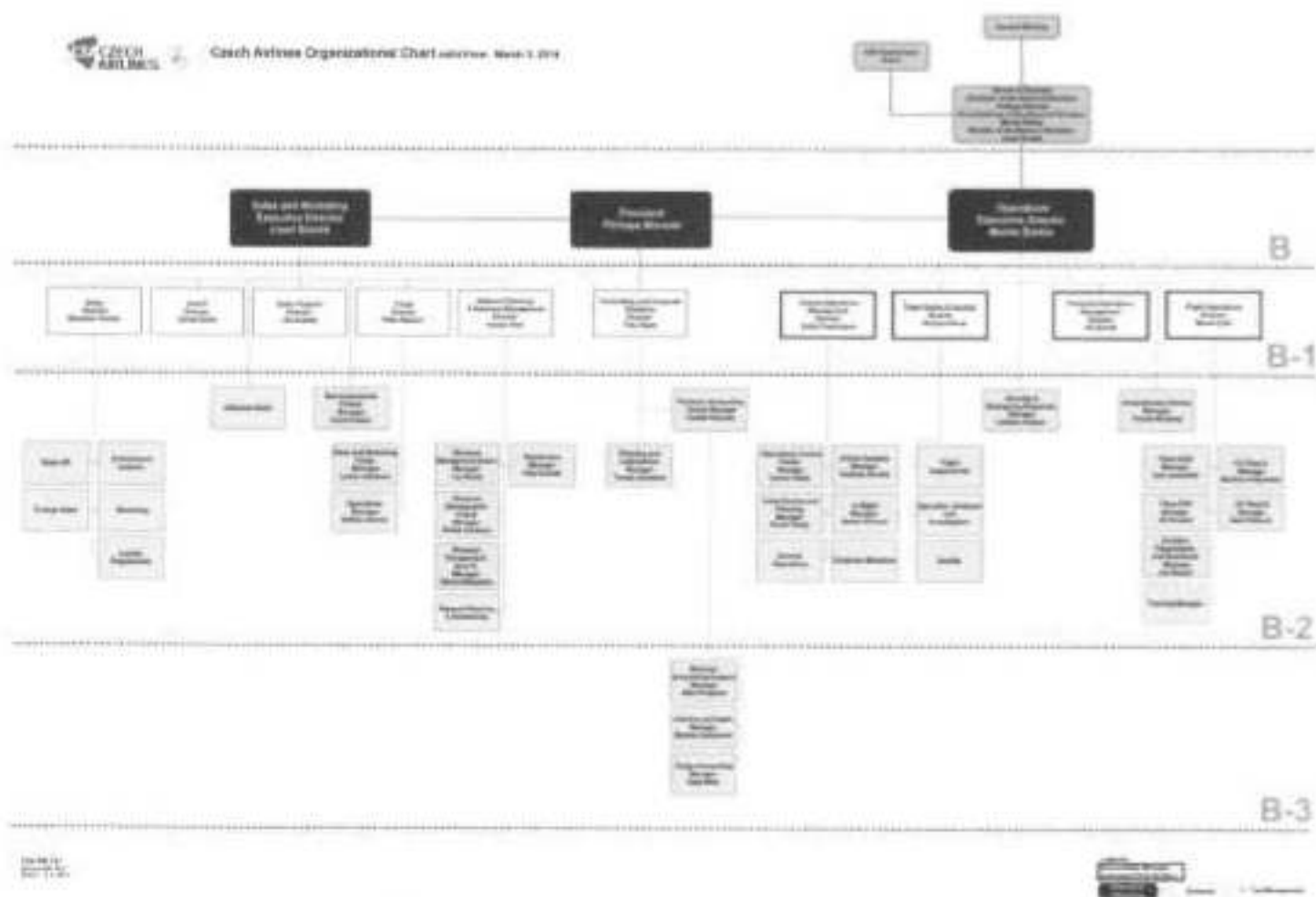
Schedule 5 Other Matters

The following decisions of the Board of Directors, which may not be passed without the prior consent of the Supervisory Board, cannot be passed without consensus of the Parties:

1. approval of any transfers of Shares to any third person and any pledge, or otherwise the use as a security interest, of any Shares;
2. decision on the operation of an aircraft manufactured by a manufacturer other than the manufacturer of the aircraft then operated in the fleet of the Company;
3. decision on acquisition or disposal of ownership or leasing (as lessee) of any tangible asset, provided that the total value of the underlying assets or transaction (or series of transactions serving for the same commercial purpose) exceeds 35% of the turnover of the Company within the financial year preceding the effective date of the respective transaction;
4. decision on business transactions by and between Company and its affiliated person in case that the total annual consideration paid by the Company for the services provided or goods delivered to the Company by such affiliated person during the respective calendar year increases in comparison to the total annual value of the services provided or goods delivered in the previous calendar year by more than fifteen per cent (15%);
5. decision on issuance of any guarantees, or providing other security for liabilities of third parties starting from the value of 30,000,000.00 (thirty million Czech crowns) in each individual case; and
6. decision on framework of collective bargaining.

Strictly private and confidential

Schedule 6 Company's Organizational Chart



[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

SIGNATURES

TO THE EVIDENCE OF UNCONDITIONAL CONSENT WITH THE CONTENT OF THIS AGREEMENT, THE PARTIES SIGN THIS AGREEMENT AS FOLLOWS:

In Prague on April 3, 2014

Český aeroholding, a.s.

Miroslav Dvořák
Chairman of the Board of Directors

Josef Adam
Member of the Board of Directors

██████████ on April 2, 2014

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In Prague on April 3, 2014

Travel Service, a.s.

Jiří Šimáně
Chairman of the Board of Directors

Roman Vlk
Member of the Board of Directors