CZECH BANKING ASSOCIATION

On the basis of standard documentation published by the European Banking Federation

MASTER AGREEMENT FOR FINANCIAL TRANSACTIONS

GENERAL PROVISIONS

Edition 2009

1. Purpose, Structure, Interpretation

(1) *Purpose. Applicability.* The provisions set out in this document (the "General Provisions") are intended to govern financial transactions (each a "Transaction") under any Master Agreement for Financial Transactions (each a "Master Agreement") based on the form published by the Czech Banking Association ("CBA"). The provisions of a Master Agreement shall apply to the extent that they are incorporated by the parties into the terms of a Transaction or type of Transactions between them.

(2) *Structure.* A Master Agreement consists of (i) an agreement between the parties thereto providing a basis for Transactions between them (the "Special Provisions"), (ii) these General Provisions, (iii) any annexes thereto (each an "Annex"), being Annexes concerning particular types of Transactions ("Product Annexes") or concerning other matters and (iv) any supplements to the Product Annexes (each a "Supplement"). If no Special Provisions have been agreed, these General Provisions (together with, if applicable, any Annexes and any Supplements thereto) shall constitute a Master Agreement governing all Transactions into the terms of which they have been incorporated. Each Master Agreement and the terms agreed in respect of all Transactions there under shall collectively be referred to herein as the "Agreement".

(3) *Interpretation.* In the event of any conflict between different parts of the Agreement, (i) any Annex shall prevail over the General Provisions, (ii) the Special Provisions shall prevail over the General Provisions and any Annex and (iii) the terms agreed in respect of an individual Transaction shall, in respect of that Transaction only, prevail over all other terms of the Agreement. Unless otherwise specified, all references herein or in any Annex to Sections are to Sections of these General Provisions or such Annex, respectively. Certain expressions used in the Agreement are defined at the places indicated in the Index of Defined Terms published by the CBA in connection with these General Provisions.

(4) *Single Agreement.* The Agreement constitutes a single contractual relationship. Accordingly, (i) each obligation of a party under any Transaction is incurred and performed in consideration of the obligations incurred and to be performed by the other party under all Transactions, (ii) unless otherwise agreed, a failure by a party to perform an obligation under any Transaction shall constitute a failure to perform under the Agreement as a whole and (iii) unless otherwise agreed (in particular subject to Section 6(2)(a)(ii)), a discharge of an obligation of any Transaction in any manner other than performance or the manner substituting the performance, will trigger the termination of all obligations from all other Transactions with the legal effects pursuant to Section 6(4).

The parties enter into the Master Agreement between them and each Transaction there under in reliance on these principles, which they consider fundamental to their risk assessment. For the avoidance of doubt, Transactions may be concluded and arise independently from each other.

(5) *Modifications.* Any modification of these General Provisions or any modified or new Annex which the CBA may promulgate in the future may become effective between the parties to a Master Agreement by each party notifying its acceptance in the manner designated by the CBA.

2. Transactions

(1) *Form.* A Transaction may be entered into orally or by any other means of communication. The parties acknowledge that conclusion of the Agreement must be evidenced in writing or by other records allowing for information storing to qualify the Agreement as an agreement on close-out netting. The parties further acknowledge that the conclusion and provision of financial collateral (including identification of financial collateral) must be evidenced in writing or by other records allowing for information storing, or otherwise be disqualified as an agreement on financial collateral arrangement; written agreement itself is not required.

(2) *Confirmation.* Upon the parties having agreed on a Transaction each party shall promptly send to the other a confirmation (a "Confirmation") of such Transaction in the manner specified in Section 8(1). The parties may agree that only one party will execute a Confirmation which will be confirmed by the other party. The absence of either or both Confirmations shall not affect the validity of the Transaction.

3. Payments, Deliveries and Related Definitions

(1) *Date, Place, Manner.* Each party shall make the payments and deliveries to be made by it at the time, date and place and to the account agreed in respect of the Transaction concerned and in the manner customary for

payments or deliveries of the relevant kind. Each payment shall be made in the currency agreed in respect thereof (the "Contractual Currency"), free of all costs and in funds which are freely available on the due date. Each party may change its account for receiving a payment or delivery by giving notice to the other at least ten Business Days prior to the scheduled date for the relevant payment or delivery, unless the other party reasonably objects to such change and gives timely notice thereof.

(2) *Transfer of Title. Retransfer of Securities.*

(a) *Transfer of Title.* Unless otherwise agreed, any delivery or transfer of securities ("securities") or other financial instruments (securities and other financial instruments jointly as "Securities") or any other assets (including, in respect of Derivative Transactions, any other underlying assets of such Transactions) by a party to the other pursuant to the Agreement shall constitute a transfer to such other party of the unrestricted title to such Securities and/or assets or, if customary in the place where delivery is to be effected, of a legal position (such as a co-ownership of Securities or another form of beneficial ownership which is the functional equivalent of such title, including, in each case, an unrestricted right to dispose of such Securities and/or assets) and not the creation of a security interest; the use of the terms "margin" or "financial collateral" or "substitution" shall not be construed as indicating an agreement to the contrary. The transferor of any Securities and/or assets shall, accordingly, (i) not retain in respect of those Securities and/or assets any ownership interest, security interest or right to dispose and (ii) execute all documents reasonably required to effect such full transfer.

(b) *Retransfer of Securities.* An obligation to return or retransfer any Securities is an obligation to transfer Securities of the same kind as such Securities. Securities are "of the same kind" as other Securities if they are of the same kind, issued by the same issuer, in the same currency, in the same issue or class and of the same type, form and nominal value (if any), and represent identical rights as such other Securities; if all such other Securities have been redeemed, redenominated, withdrawn, exchanged, converted, subdivided, consolidated or been the subject of an event similar to any of the foregoing, Securities "of the same kind" means the amount of Securities, money and other property (together "Substitute Assets") received in respect of such other Securities as a result of such event (provided that if any sum had to be paid in order to receive such Substitute Assets, an obligation to transfer them shall be conditional upon payment by the transferee of such sum to the transferor).

(3) *Conditions Precedent.* Each payment or delivery obligation of a party is subject to the conditions precedent that

(i) no Event of Default or event which by the lapse of time or the giving of notice (or both) may become an Event of Default with respect to the other party has occurred and is continuing and

(ii) no notice of withdrawal has been given in respect of the relevant Transaction because of a Change of Circumstances.

(4) *Payment Netting.* If on any date both parties would otherwise be required to make payments in the same currency in respect of the same Transaction, the mutual payment obligations shall automatically be set off against each other and the party owing the higher amount shall pay to the other the difference between the amounts owed. The parties may agree that this principle shall apply in respect of two or more Transactions or one or more types of Transactions or that it shall apply also in respect of mutual obligations to deliver assets which are fungible with each other. If and so long as a single currency can be expressed in different currency units (such as the euro unit and national currency units under the principles governing the transition to European Economic and Monetary Union), the principle set forth in the first sentence of this subsection shall apply only if both payments are to be made in the same unit.

(5) *Late Payment.* If in respect of a Transaction a party fails to make a payment to the other when due (and, for the avoidance of doubt, without being entitled to withhold such payment), interest, payable on demand, shall accrue (before and after judgment) at the Default Rate on the amount outstanding, calculated for the period from (and including) the due date to (but excluding) the day on which such payment is received.

"Default Rate" means the higher of

(a) the Interbank Rate and

(b) the cost to the other party, as certified by it, of funding the relevant amount, in each case plus any interest surcharge which may be agreed in the Special Provisions.

"Interbank Rate" means the interbank offered interest rate charged by prime banks to each other for overnight deposits at the place of payment and in the currency of the amount outstanding for each day on which interest is to be charged (being, if an amount in euros is outstanding, the Euro Overnight Index Average ("EONIA") Rate calculated by the European Central Bank; if an amount in Czech crowns is outstanding, the Czech Overnight Index Average ("CZEONIA") Rate published by the Czech National Bank).

(6) *Business Day Convention.* If any payment or delivery date, any determination or valuation date, any commencement or termination date or any exercise date agreed between the parties which is deemed to be a Business Day is not a Business Day, payments, deliveries, determinations or valuations shall be made or, as the case may be, the commencement date, the termination date or the exercise date shall be deemed to occur, as elected in respect of the relevant Transaction, on

(a) the immediately preceding Business Day ("Preceding"),

(b) the immediately following Business Day ("Following"), or

(c) the immediately following Business Day, unless such day falls in the next calendar month, in which case the relevant payment, delivery, determination or valuation shall be made or, as the case may be, the relevant commencement date, termination date or exercise date shall be deemed to occur on the immediately preceding Business Day ("Modified Following" or "Modified"), provided that failing such election, (b) shall apply.

(7) *Business Day Definition.*

(a) "Business Day" means, in the case of payment or delivery, a day (other than a Saturday or a Sunday), on which commercial banks are open for business and simultaneously:

(i) in relation to any payment in Czech crowns, a day

on which all relevant parts of the Czech National Bank system CERTIS are operational to effect such a payment;

(ii) in relation to any payment in euros a day on which all relevant parts of TARGET are operational to effect such a payment,

(iii) in relation to any payment in any other currency a day on which commercial banks are open for business (including payments in the currency concerned as well as dealings in foreign exchange and foreign currency deposits) in the place(s) agreed in relation to the relevant Transaction or, if not so agreed, in the place where the relevant account is located and, if different, in the principal financial centre, if any, of the currency of such payment,

(iv) in relation to any delivery of Securities,

(A) where a Transaction is to be settled through a securities settlement system, a day on which such securities settlement system is open for business in the place where delivery of the Securities is to be effected, and

(B) where a Transaction is to be settled in a way other than (A), a day (other than a Saturday or a Sunday) on which commercial banks are open for business in the place where delivery of the Securities is to be effected,

(v) in relation to any delivery of any assets other than Securities, a day on which commercial banks are open for business in the place where delivery of the relevant assets is to be effected or any other day agreed between the parties in the Confirmation of the relevant Transactions or otherwise,

(b) "Business Day" means, in relation to any valuation, a day (other than a Saturday or a Sunday) on which an up-to-date valuation based on the agreed price sources can reasonably be carried out, and

(c) "Business Day" means, in relation to any notice or other communication, a day (other than a Saturday or a Sunday) on which commercial banks are open for business in the city specified in the address provided by the recipient pursuant to Section 8(1).

(8) *Market Value.* "Market Value" means in respect of any Securities as of any time on any date,

(a) the price for such Securities then quoted through and obtainable from a generally recognised source agreed to by the parties and

(b) failing such agreement or such quotation

(i) if the Securities are listed on a stock exchange and not then suspended, their price last quoted on such exchange;

(ii) if the Securities are not so listed, but have, on the main market on which they are traded, the price published or made public by a central bank or an entity of undisputed authority on such day, such price last published or made public; and

(iii) in any other case, the average of the bid and offer prices for such Securities, as of such time on such date, as established by two leading market participants other than the parties;

in each of the cases listed in (a) and (b) together with (if not included in such price) any interest accrued on such Securities as of that date.

4. Taxes

(1) *Withholding Tax.* If a party is or will be obliged to deduct or withhold an amount for or on account of any tax or other duty from a payment which it is to make, it shall pay to the other party such additional amounts as are necessary to ensure that such other party receives the full amount to which it would have been entitled at the time of such payment if no deduction or withholding had been required. This shall not apply if the tax or duty concerned is imposed or levied

(a) by or on behalf or for the account of the jurisdiction (or a tax authority of or resident in the jurisdiction) in which the Booking Office of the payee (or its place of residence, if the payee is an individual) is located,

(b) pursuant to (directly or indirectly) an obligation imposed by a treaty to which such jurisdiction is a party, or by a regulation or directive enacted under such treaty, or

(c) because the payee has failed to perform its obligation under Section 10(4)(b).

(2) *Documentary Tax.* Subject to Section 10(2), each party shall pay any stamp, documentary or similar tax or duty payable with respect to the Agreement (a "Documentary Tax") and imposed upon it in the jurisdiction in which its Booking Office or place of residence is located and shall indemnify the other party for any Documentary Tax payable in such jurisdiction and imposed upon the other party, unless the Booking Office of such other party (or its place of residence, if the other party is an individual) is also located in such jurisdiction.

5. Representations

(1) *Representations.* Each party represents to the other, as of the date on which it enters into a Master Agreement and as of each date on which a Transaction is entered into, that:

(a) *Status.* It is validly existing under the laws of its organisation or incorporation;

(b) *Corporate Action.* It is duly authorised to execute and deliver, and perform its obligations under the Agreement;

(c) *No Violation or Conflict.* The execution, delivery and performance of the Agreement do not violate or conflict with any provision of law, judgment or government or court order applicable to it, or any provision of its constitutional documents;

(d) *Consents.* All governmental and other consents which are required to be obtained by it with respect to the Agreement have been obtained and are in full force and effect;

(e) *Obligations Binding.* Its obligations under the Agreement are legal, valid and binding;

(f) *Absence of Certain Events.* No Event of Default or event which by the lapse of time or the giving of notice (or both) may become an Event of Default and, to its knowledge, no Change of Circumstances with respect to it has occurred and is continuing;

(g) *Absence of Litigation.* There is not pending or,

to its knowledge, threatened against it any action, suit or proceeding before any court, tribunal, arbitrator or governmental or other authority that is likely to affect the legality, validity, binding effect or enforceability against it of the Agreement or its ability to perform its obligations under the Agreement;

(h) *No Reliance.* It has the necessary knowledge and experience to assess the benefits and risks incurred in each Transaction and has not relied for such purpose on the other party;

(i) *Margin.* It has full title to the Securities and money transferred, as margin or collateral, to the other party under the Agreement and that such Securities shall be free and clear of any lien, security interest or any other right which may affect the right of the other party to dispose freely of such Securities and money.

(2) *Applicability to Guarantor.* If a third person specified in the Special Provisions or in a Confirmation as Guarantor (a "Guarantor") has, in an instrument specified in the Special Provisions or otherwise agreed between the parties, given a guarantee or other credit support in respect of any obligations of either party under the Agreement (a "Guarantee"), then the representations of such party in respect of itself and the Agreement pursuant to subsection 1(a) through (i) shall *mutatis mutandis* apply also to the Guarantor and the Guarantee.

6. Withdrawal

(1) *Withdrawal due to an Event of Default.*

(a) *Event of Default.* The occurrence of any of the following events in respect of a party shall constitute an event of default ("Event of Default"):

(i) *Failure to Pay or Deliver.* The party fails to make, when due, any payment or delivery under the Agreement and such failure continues for three Business Days after the day on which notice of such failure is given to the party;

(ii) *Failure to Provide or Return Margin or Collateral.* The party fails to provide or return, when due, margin or collateral required to be provided or returned by it under the Agreement;

(iii) *Other Breach of Agreement.* The party fails to perform, when due, any other obligation under the Agreement and such failure continues for thirty days after the day on which notice of such failure is given to the party;

(iv) *Misrepresentation.* Any representation by the party in the Agreement proves to have been incorrect on the date as of which it was made and the other party determines in good faith that, as a result thereof (or of the matters of fact or law which were not correctly stated), the balance of its risks and benefits under the Agreement is materially adversely affected;

(v) *Default under Specified Transactions.* If the parties have, in the Special Provisions, specified any Transactions ("Specified Transactions") to which this Section 6(l)(a)(v) will apply, the party fails to make a payment or a delivery under any such Specified Transaction and such failure

(A) results in the liquidation or early termination of, or an acceleration of obligations under, such Specified Transaction or

(B) continues beyond any applicable grace period (or, if there is no such period, for at least three Business Days) after the last payment or delivery date of such Specified Transaction, provided, in either case, that such failure is not caused by circumstances which, if occurring under the Agreement, would constitute a Change of Circumstances as described in subsection 2(a)(ii);

(vi) *Cross Default.* Any payment obligation of the party in respect of borrowed money (whether incurred by it as primary or secondary obligor and whether arising from one or more contracts or instruments) in an aggregate amount of not less than the applicable Default Threshold

(A) has become, or may be declared, due and payable prior to the stated maturity thereof as a result of any default or similar event (however described) which has occurred in respect of the party or

(B) has not been performed for more than seven days after its due date and, in either case, the other party has reasonable grounds to conclude that the financial obligations of the party under the Agreement may not be performed.

"Default Threshold" means the amount specified as such in the Special Provisions in respect of a party or, in the absence of such specification, 1 per cent, of such party's equity (meaning the sum of its capital, capital funds, reserve fund, indivisible fund and other profit funds, economic results of previous years and economic results of the current accounting year, determined in accordance with generally accepted accounting principles applicable to that party, as reported in its most recent published audited financial statements);

(vii) *Restructuring without Assumption.* The party is subject to a Corporate Restructuring and the Successor Entity fails to assume all obligations of such party under the Agreement.

"Corporate Restructuring" means, with respect to such party, any consolidation or amalgamation with, or merger into, or demerger, or transfer of all or substantially all assets to, another person, change of legal form, or an agreement providing for any of the foregoing, and

"Successor Entity" means the person which results from, survives or is the transferee in, such Corporate Restructuring;

(viii) *Insolvency Events.*

(1) The party is dissolved or has a resolution passed for its dissolution (other than, in either case, pursuant to a Corporate Restructuring resulting in a solvent Successor Entity);

(2) the party commences an Insolvency Proceeding against itself or takes any corporate action to authorize such Insolvency Proceeding;

(3) a governmental or judicial authority or self-regulatory organisation having jurisdiction over the party in a Specified Jurisdiction (a "Competent Authority") commences an Insolvency Proceeding with respect to the party;

(4) a Competent Authority takes any action under any bankruptcy, insolvency or similar law or any banking,

insurance or similar law governing the operation of the party which is likely to prevent the party from performing when due its payment or delivery obligations under the Agreement;

(5) a person other than a Competent Authority commences an Insolvency Proceeding against the party in a Specified Jurisdiction and such action (A) results in a Judgment of Insolvency, or (B) is not dismissed or stayed within thirty days following the action or event commencing the Insolvency Proceeding, unless the commencement of such Proceedings by such person or under the given circumstances is obviously inadmissible or frivolous;

(6) the party is bankrupt or insolvent as defined under any bankruptcy or insolvency law applicable to it in a Specified Jurisdiction;

(7) the party makes a general assignment for the benefit of, or enters into a composition or amicable settlement with, its creditors generally;

(8) the party is generally unable to pay its debts as they fall due; or

(9) the party causes or is subject to any event which, under the laws of the Specified Jurisdiction, has an effect which is analogous to any of the events specified in Nos. (1) to (8).

"Insolvency Proceeding" means a mandatory or voluntary proceeding seeking a judgment, order or arrangement of insolvency, bankruptcy, composition, amicable settlement, rehabilitation, reorganisation, administration, dissolution or liquidation with respect to a party or its assets or seeking the appointment of a receiver, liquidator, insolvency or other administrator or similar official for such party or for all or any substantial part its assets under any bankruptcy, insolvency or similar law or any banking, insurance or similar law governing the operation of the party; the expression does not include a solvent corporate reorganisation. An Insolvency Proceeding is "commenced" if a petition to conduct such proceeding is presented to or filed with, or (where no such petition is required) a decision to conduct such proceeding is taken by, a competent court, authority, corporate body or person.

"Judgment of Insolvency" means any judgment, order or arrangement instituting an Insolvency Proceeding.

"Specified Jurisdiction" in relation to a party means the jurisdiction of that party's organisation, incorporation, principal office or residence and any additional jurisdiction that may be specified with respect to that party in the Special Provisions;

(ix) *Repudiation of Obligations.* The party declares that it will not perform any material obligation under the Agreement or under any Specified Transaction (otherwise than as part of a bona fide dispute as to the existence, nature or extent of such obligation);

(x) *Guarantee Ineffective.* A Guarantee given with respect to the party is not in full force and effect, except if it has ceased to be in effect (i) in accordance with its terms, (ii) upon satisfaction of all of the party's obligations secured by such Guarantee or (iii) with the consent of the other party.

(b) *Withdrawal.* If an Event of Default occurs with respect to a party (the "Defaulting Party") and is continuing, the other party (the "Non-Defaulting Party") may, by giving not more than twenty days' notice specifying the relevant Event of Default, withdraw from all outstanding Transactions, but not part thereof only, with effect as from a date (the "Early Termination Date") to be designated by it in such notice. The parties may specify in the Special Provisions that all outstanding Transactions shall terminate, and the Early Termination Date shall occur, automatically in the case of an Event of Default mentioned in paragraph (a)(viii)(l), (2), (3), (5)(A) or, to the extent analogous thereto, (9) as of the time of the relevant event or action.

(2) *Withdrawal due to Change of Circumstances.*

(a) *Change of Circumstances.* The occurrence of any of the following events or circumstances in respect of a party shall constitute a change of circumstances ("Change of Circumstances"):

(i) *Tax Event.* As a result of the entry into force of any new law or regulation or of any change in law or any other provision of mandatory effect or change in the application or official interpretation thereof occurring after the date on which a Transaction is entered into, or as a result of a Corporate Restructuring of either party not falling under subsection l(a)(vii), the party would, on or before the next due date relating to such Transaction,

(A) be required to pay additional amounts pursuant to Section 4(1) with regard to a payment which it is obliged to make, other than a payment of interest pursuant to Section 3(5), or

(B) receive a payment, other than a payment of interest pursuant to Section 3(5), from which an amount is required to be deducted for or on account of a tax or duty and no additional amount is required to be paid in respect of such tax or duty under Section 4(1), other than by reason of Section 4(l)(c);

(ii) *Illegality. Impossibility.* As a result of the entry into force of any new law or regulation or of any change in law or any other provision of mandatory effect or change in the application or official interpretation thereof or, if so specified in the Special Provisions, as a result of an Impossibility Event, in each case occurring after the date on which a Transaction is entered into, it becomes, or is likely to become, unlawful or impossible for the party

(A) to make, or receive, a payment or delivery in respect of such Transaction when due or to punctually comply with any other material obligation under the Agreement relating to such Transaction or

(B) to perform any obligation to provide margin or collateral as and when required to be provided by it under the Agreement;

"Impossibility Event" means any catastrophe, armed conflict, act of terrorism, riot or any other circumstance beyond the party's reasonable control affecting the operations of the party;

(iii) *Credit Event upon Restructuring.* If the party is subject to a Corporate Restructuring, the creditworthiness of the Successor Entity is materially weaker than that of the party immediately before the Corporate Restructuring.

(b) *Withdrawal.* If a Change of Circumstances

occurs with respect to a party (the "Affected Party"), the Affected Party in the case of paragraph (a)(i) or (ii), and the other party (the "Non-Affected Party") in the case of paragraph (a)(ii) or (iii) may, subject to the limitations set forth below, by giving not more than twenty days' notice, withdraw from the Transactions affected by such change, with effect as from a date (the "Early Termination Date") to be designated by it in such notice, it being understood that, in the case of paragraph (a)(iii), all Transactions will be deemed so affected. If, without prejudice to any agreement between the parties on the provision of margin or collateral, either party determines that as a result of such termination its credit exposure under the Agreement to the other party is significantly increased, it may, not later than one week after the effective date of the notice of withdrawal, by giving notice to the other party require such other party to provide, within one week after receipt of such last-mentioned notice, margin or collateral reasonably acceptable to it in such amount as to be at least equal to the increase in credit exposure under the Agreement, as determined by it.

In the cases of paragraph (a)(i) and (ii), the right to withdraw from Transactions shall be subject to the following limitations: (i) the Early Termination Date may not be earlier than thirty days before the date on which the Change of Circumstances becomes effective, and (ii) the Affected Party may, unless it would otherwise be required to pay additional amounts as contemplated by paragraph (a)(i)(A), give notice of withdrawal only after a period of thirty days has expired following a notice by it informing the other party of such event and if the situation (if capable of remedy) has not been remedied within such period (by way of an agreed transfer of the affected Transactions to another Booking Office or otherwise).

In the case that an obligation of an Affected Party to perform its duties out of a Transaction, as a result of impossibility of performance, shall be ceased by law, the provision of this letter (b), shall apply *mutatis mutandis* in respect of the right of the Affected Party to require margin or collateral as a result of a credit exposure increase.

(3) *Applicability to Guarantor.* If a Guarantee has been given with respect to a party and any of the events described in subsections l(a)(iii) through (ix) and 2(a) occurs with respect to the relevant Guarantor or such Guarantee, the occurrence of such event shall have the same effect as if it had occurred with respect to such party or the Agreement, respectively.

(4) *Effect of Withdrawal.* In the event of a withdrawal from outstanding Transactions pursuant to this Section 6 or other discharge of obligations of outstanding Transactions in any manner other than performance or the manner substituting the performance, neither party shall be obliged to make any further payment or delivery under the terminated Transactions which would have become due on or after the Early Termination Date or to provide or return margin or collateral which would otherwise be required to be provided or returned under the Agreement and related to the terminated Transaction(s). These obligations shall be replaced by an obligation of either party to pay the Final Settlement Amount in accordance with Section 7.

To avoid any doubts, the Agreement shall not be terminated upon withdrawal from outstanding Transactions pursuant to Section 6. The parties have agreed to exclude all non-mandatory provisions of law, pursuant to which they would be obliged to return to each other any payment or delivery made before the withdrawal from any Transaction.

(5) *Event of Default and Change of Circumstances.* If an event or circumstance which would otherwise constitute or give rise to an Event of Default also constitutes a Change of Circumstances as referred to in subsection 2(a)(ii), it will be treated as a Change of Circumstances and will not constitute an Event of Default, except that any event as described in subsection l(a)(viii) will always be treated as an Event of Default and not as a Change of Circumstances.

7. Final Settlement Amount

(1) *Calculation.*

(a) *Procedure and Bases of Calculation.* Upon withdrawal pursuant to Section 6, the Non-Defaulting Party or, as the case may be, the Non-Affected Party or, if there are two Affected Parties, each party (each the "Calculation Party") shall as soon as reasonably possible calculate the Final Settlement Amount.

"Final Settlement Amount" means, subject to subsection 2(b)(i), the amount determined by the Calculation Party to be equal to, as of the Early Termination Date,

(A) the sum of all Transaction Values which are positive for it, the Amounts Due owed to it and its Margin Claims less

(B) the sum of the absolute amounts of all Transaction Values which are negative for it, the Amounts Due owed by it and the Margin Claims of the other party;

"Amounts Due" owed by a party means the sum of (i) any amounts that were required to be paid by such party under any Transaction, but not paid, (ii) the Default Value, as of the agreed delivery date, of each asset that was required to be delivered by such party under any Transaction, but not delivered (in either case regardless of whether or not the party was entitled to withhold such payment or delivery, by virtue of Section 3(3) or for any other reason) and (iii) interest on the amounts specified in (i) and (ii) from (and including) the due date of the relevant payment or delivery to (but excluding) the Early Termination Date at the Interbank Rate or, if Section 3(5) is applicable, the Default Rate; Margin Claims shall be disregarded for the determination of Amounts Due;

"Default Value" means, in respect of any assets (including Securities or, in respect of Derivative Transactions, any other underlying assets of such Transactions) on any given date, an amount equal to

(A) if the assets are or were to be delivered by the Calculation Party, the net proceeds (after deducting fees and expenses) which the Calculation Party has or could have reasonably received when selling assets of the same kind and quantity in the market on such date,

(B) if the assets are or were to be delivered to the Calculation Party, the cost (including fees and expenses) which the Calculation Party has or would have reasonably incurred in purchasing assets of the same kind and quantity in the market on such date, and

(C) if a market price for such assets cannot be determined, an amount which the Calculation Party determines in good faith to be its total losses and costs (or gains, in which case expressed as a negative

number) in connection with such assets;

"Margin Claims" means, as of the Early Termination Date, the aggregate of the amount of cash paid and the Default Value of Securities transferred, as margin or collateral, by a party and not repaid or retransferred to it, plus any interest accrued on such cash at the rate agreed in respect thereof;

"Transaction Value" means, with respect to any Transaction or group of Transactions, an amount equal to, at the option of the Calculation Party, (i) the loss incurred (expressed as a positive number) or gain realized (expressed as a negative number) by the Calculation Party as a result of the termination of such Transactions), or (ii) the arithmetic mean of the quotations for replacement or hedge transactions on the Quotation Date obtained by the Calculation Party from not less than two leading market participants. In the case of (ii), each such quotation shall be expressed as the amount which the market participant would pay or receive on the Quotation Date if such market participant were to assume, as from the Quotation Date, the rights and obligations of the other party (or their economic equivalent) under the relevant Transactions); the resulting amount shall be expressed as a positive number if it would be payable to the market participant, and shall otherwise be expressed as a negative number. If, in such case, no or only one quotation can reasonably be obtained, the Transaction Value shall be determined pursuant to (i).

"Quotation Date" means the Early Termination Date, except that in the event of an automatic termination as provided in Section 6(l)(b), the Quotation Date shall be the date designated as such by the Non-Defaulting Party, which shall be not later than the fifth Business Day after the day on which the Non-Defaulting Party became aware of the event which caused such automatic termination.

(b) *Conversion.* Any Amounts Due, Default Value, Margin Claims and Transaction Value not denominated in the Base Currency shall be converted into the Base Currency at the Applicable Exchange Rate.

"Base Currency" means the Czech crown, unless otherwise agreed.

"Applicable Exchange Rate" means the arithmetic mean of the respective rates at which the person calculating or converting an amount pursuant to the Agreement is reasonably able to (i) purchase the relevant other currency with, and (ii) sell such currency for, the Base Currency on the date as of which such amount is calculated or converted.

(2) *Payment Obligations.*

(a) *One Calculation Party.* If one party only acts as Calculation Party, the Final Settlement Amount, as calculated by it, shall be paid (i) to that party by the other party if it is a positive number and (ii) by that party to the other party if it is a negative number; in the latter case the amount payable shall be the absolute value of the Final Settlement Amount.

(b) *Two Calculation Parties.* If both parties act as Calculation Party and their calculations of the Final Settlement Amount differ from each other, the Final Settlement Amount shall (i) be equal to one-half of the difference between the amounts so calculated by both parties (such difference being, for the avoidance of doubt, the sum of the absolute values of such amounts if one is positive and the other negative) and (ii) be paid by the party which has calculated a negative or the lower positive amount. Each Calculation Party shall, for the avoidance of doubt, calculate the Final Settlement Amount as provided in the previous sentence from its own perspective.

(3) *Notification and Due Date.*

(a) *Notification.* The Calculation Party shall notify as soon as reasonably possible the other party of the Final Settlement Amount calculated by it and provide to such other party a statement setting forth in reasonable detail the basis upon which the Final Settlement Amount was determined.

(b) *Due Date.* The Final Settlement Amount shall be payable immediately upon receipt of the notification mentioned in paragraph (a) if termination occurs as a result of an Event of Default, and otherwise within two Business Days following such receipt, but in either case not before the Early Termination Date. It shall bear interest as from the Early Termination Date to the date on which the payment is due at the Interbank Rate and thereafter at the Default Rate.

(4) *Set-Off.* The Non-Defaulting Party may set off its obligation (if any) to pay the Final Settlement Amount against any actual or contingent claims ("Counterclaims") which it has against the Defaulting Party on any legal grounds whatsoever (including by virtue of any financing or other contract). For the purpose of calculating the value of the Counterclaims, the Non-Defaulting Party shall,

(i) to the extent that they are not payable in the Base Currency, convert them into the Base Currency at the Applicable Exchange Rate,

(ii) to the extent that they are contingent or unascertained, take into account for such calculation their potential amount, if ascertainable, or otherwise a reasonable estimate thereof; the procedure pursuant to paragraph 1(a) of this Section shall apply accordingly,

(iii) to the extent that they are claims other than for the payment of money, determine their value in money and convert them into a money claim expressed in the Base Currency and

(iv) to the extent that they are not yet due and payable, determine their present value (also having regard to interest claims).

The provisions of this subsection 4 relating to Counterclaims against a Defaulting Party shall apply *mutatis mutandis* to Counterclaims against an Affected Party if termination occurred pursuant to Section 6(2)(a)(ii) or (iii).

8. Notices

(1) *Manner of Giving Notices.* Unless otherwise specified in the Agreement, any notice or other communication under the Agreement shall be made by letter, telex, telefax or any electronic messaging system agreed to by the parties in the Special Provisions to the address (if any) previously specified by the addressee.

(2) *Effectiveness.* Every notice or other communication made in accordance with subsection 1 shall be effective

(a) if made by letter or telefax, upon receipt by the addressee,

(b) if made by telex, upon receipt by the sender of the addressee's answerback at the end of transmission, and

(c) if made by an electronic messaging system, upon receipt of that electronic message, provided that if, in any such case, such notice or other communication is not received on a Business Day or is received after the close of business on a Business Day, it shall take effect on the first following day that is a Business Day.

(3) *Change of Address.* Either party may by notice to the other change the address, telex or telefax number or electronic messaging system details at which notices or other communications are to be given to it.

9. Booking Offices

(1) *Extent of Obligations.* If a party enters into a Transaction through a Booking Office other than its principal office, its obligations in respect of that Transaction shall constitute obligations of such party as a whole, to the same extent as if they had been entered through such party's principal office. Such party shall not be obliged, however, to perform such obligations through any of its other offices if performance through that Booking Office is unlawful or impossible by virtue of any of the events described in Section 6(2)(a)(ii).

(2) *Change of Booking Office.* Neither party may change a Booking Office without the prior written consent of the other party.

(3) *Definition.* "Booking Office" of a party means the office agreed by the parties through which such party is acting for the relevant Transaction, provided that if no such office is agreed in respect of a party, such party's principal office (or, in the absence of a principal office, such party's registered office or place of residence) shall be deemed to be the Booking Office.

10. Miscellaneous

(1) *Transfer of Rights and Obligations.* No rights or obligations under the Agreement may be transferred, charged or otherwise disposed of to or in favour of any third person without the prior consent of the other party given in the manner specified in Section 8(1), except that no such consent shall be required in the case of a transfer of all or substantially all assets of a party in connection with a Corporate Restructuring which does not involve a change of the tax status relevant to the Agreement and does not otherwise adversely affect the interests of the other party to any significant extent.

The limitation provided in the preceding sentence shall not apply to a party's right to receive the Final Settlement Amount or to be indemnified pursuant to subsection 2.

(2) *Expenses.* A Defaulting Party and a party failing to make a payment or delivery when due shall on demand indemnify the other party for all reasonable expenses, including legal fees, incurred by the other party for the enforcement or protection of its rights under the Agreement in connection with an Event of Default or such failure.

(3) *Recording.* Each party (i) may electronically or otherwise record telephone conversations of the parties in connection with the Agreement or any potential Transaction, (ii) shall give notice of such potential recording to its relevant personnel and obtain any consent that may be legally required before permitting such personnel to conduct such telephone conversations and (iii) agrees that recordings may be submitted in evidence in any Proceedings relating to the Agreement or any potential Transaction.

(4) *Documents.* So long as either party has or may have any obligation under the Agreement, each party shall, if it is reasonably able and legally in a position to do so and would not thereby materially prejudice its legal or commercial position, promptly make available to the other or to any appropriate government or taxing authority any form, certificate or other document (properly completed and, where appropriate, certified) that is either

(a) specified in the Agreement, or

(b) reasonably requested in writing in order to allow the other party to make a payment under the Agreement without any deduction or withholding for or on account of any tax or other duty, or with such deduction or withholding at a reduced rate.

(5) *Remedies.* The rights and remedies provided in the Agreement are cumulative and not exclusive of any rights and remedies provided by law.

(6) *No Waiver.* A failure or delay in exercising (and any partial exercise of) any right or remedy under the Agreement shall not operate as a waiver (or partial waiver) of, and accordingly not preclude or limit any future exercise of, that right or remedy.

(7) *Termination by notice.* The Agreement may be terminated by either party upon the giving of not less than twenty days' notice to the other party. Notwithstanding such notice, any Transaction then outstanding shall continue to be subject to the provisions of the Agreement and to that extent the effect of the termination shall occur only when all obligations under the last such Transaction shall have been performed.

(8) *Contractual Currency.* If for any reason a payment is made in a currency other than the Contractual Currency and the amount so paid, converted into the Contractual Currency at the exchange rate prevailing at the time of such payment for the sale of such other currency against the Contractual Currency, as reasonably determined by the payee, falls short of the amount in the Contractual Currency payable under the Agreement, the party owing such amount shall, as a separate and independent obligation, immediately compensate the other party for the shortfall.

(9) *Previous Transactions.* Transactions entered into prior to the effective date of a Master Agreement will be subject to such Master Agreement, individually or by category, to the extent provided in the Special Provisions. The rights and obligations of the parties under the Transactions entered into prior to the effective date of the Master Agreement shall be changed to the extent arising from that Master Agreement.

(10) *Agency Transactions.*

(a) *Conditions.* If agreed in the Special Provisions, a party may enter into a Transaction (an "Agency Transaction") as agent (the "Agent") for a third person (a "Principal") but only if (i) the party has authority on behalf of that Principal to enter into the Transaction, to perform on behalf of that Principal all of that Principal's obligations and to accept performance of the obligations of the other party and receive all notices and other

communications under the Agreement and (ii) when entering into the Transaction and in the relevant Confirmation the party specifies that it is acting as Agent in respect of the Transaction and discloses to the other party the identity of the Principal. If these conditions are not fully satisfied, the party shall be deemed to act as principal.

(b) *Information on Certain Events.* Each party undertakes that, if it enters as Agent into an Agency Transaction, forthwith upon becoming aware (i) of any event or circumstance which constitutes an event as described in Section 6(l)(a)(viii) with respect to the relevant Principal or (ii) of any breach of any of the representations given in Section 5 and paragraph (f) below or of any event or circumstance which has the result that any such representation would be incorrect on the date as of which it was made, it will inform the other party of that fact and will, if so required by the other party, furnish the other party with such additional information as the other party may reasonably request.

(c) *Parties.* Each Agency Transaction shall be a transaction solely between the relevant Principal and the other party. All provisions of the Agreement shall apply separately as between the other party and each Principal for whom the Agent has entered into an Agency Transaction, as if each such Principal were a party to a separate Agreement with the other party, except as provided in paragraph (d) below. A Process Agent appointed by the Agent shall be a Process Agent also for each Principal.

(d) *Notice of Withdrawal.* If an Event of Default or a Change of Circumstances as described in Section 6(2)(a)(ii) or (iii) occurs with respect to the Agent, the other party may withdraw from Transactions pursuant to Section 6(l)(b) or 6(2)(b), respectively, to the Principal with the same effect as if an Event of Default or Change of Circumstances, respectively, had occurred with respect to the Principal.

(e) *Own Account Transactions.* The foregoing provisions do not affect the operation of the Agreement between the parties hereto in respect of any Transactions into which the Agent may enter on its own account as a principal.

(f) *Representation.* Each party acting as Agent represents to the other in its own name and in the name of the Principal that it will, on each occasion on which it enters or purports to enter into an Agency Transaction, have the authority as described in subsection 10(a)(i) on behalf of the person whom it specifies as the Principal in respect of that Agency Transaction.

(11) *Severability.* In the event that any provision of the Agreement is invalid, illegal or unenforceable under the law of any jurisdiction, the validity, legality and enforceability of the remaining provisions in the Agreement under the law of such jurisdiction, and the validity, legality and enforceability of such and any other provisions under the law of any other jurisdiction shall not in any way be affected thereby. The parties shall, in such event, in good faith negotiate a valid provision the economic effect of which comes as close as possible to that of the invalid, illegal or unenforceable provisions.

11. Governing Law, Settlement of Disputes, Jurisdiction, Arbitration

(1) *Governing Law.* Unless agreed otherwise in the Special Provisions, the Agreement shall be governed by and construed in accordance with Czech law.

(2) *Settlement of Disputes, Jurisdiction, Arbitration.* Each party irrevocably agrees that in respect of any dispute arising under or related to the Agreement (i) the courts specified in the Special Provisions shall have non-exclusive jurisdiction and each party irrevocably submits to such non exclusive jurisdiction, or (ii) if so specified in the Special Provisions, any such dispute shall be finally settled by one or more arbitrators appointed and proceeding in accordance with the rules of arbitration specified in the Special Provisions, each party agreeing to comply with such rules.

Failing either of such specifications, the courts having jurisdiction in the principal financial centre or, in the absence of a generally recognized financial centre, the capital city of the country whose law governs the Agreement shall have non-exclusive jurisdiction with respect to any suit, action or other proceeding relating to the Agreement (the "Proceedings") and each party irrevocably submits to such non-exclusive jurisdiction.

(3) *Service of Process.* If so specified in the Special Provisions, each party appoints a process agent (the "Process Agent") to receive, for it and on its behalf, service of process in any Proceedings. If for any reason a party's Process Agent is unable to act as such, such party shall promptly notify the other party and within thirty days appoint a substitute process agent which is acceptable to the other party.

(4) *Waiver of Immunity.* The Agreement constitutes a commercial agreement. To the fullest extent permitted by applicable law, each party waives, with respect to itself and its assets (irrespective of their use or intended use), all immunity on the grounds of sovereignty or otherwise from suit, execution or other legal process and agrees that it will not claim any such immunity in any Proceedings.