

**Public Tender
Concerning The Selection Of An Entity With Whom
A Framework Agreement On The Assignment Of Receivables Will Be Concluded**

Česká konsolidační agentura with its registered office in Prague 7, Janovského 438/2, Postal Code: 170 06, Identification Number (IČ): 70109966, entered in the Commercial Register maintained by the Municipal Court in Prague, Section A., File No.: 45993 (“**ČKA**”), hereby announces a public tender concerning the selection of an entity to whom a set of receivables from certain debtors of ČKA will be assigned subject to terms and conditions of a Framework Agreement On The Assignment Of Receivables (the “**Framework Agreement**”), in the form of a one-round public tender (the “**Tender**”).

This document and all its exhibits constitute the rules of the Tender (the “**Rules of the Tender**” or the “**Rules**”).

1. SUBJECT-MATTER OF THE TENDER

1.1 The subject-matter of the Tender is the selection of the most suitable candidate to whom subject to terms and conditions set forth in the Framework Agreement a set of receivables of ČKA will be assigned; such receivables being against debtors that can be described as entities that, with the exception of a few of them, were subject to pending bankruptcy or liquidation proceedings as of April 30, 2005. The set of receivables to be assigned (the “**ČKA101 Block**”) can be in general described as follows:

- (a) The number of receivables in the ČKA101 Block: **992**
- (b) The number of debtors in the ČKA101 Block: **605**
- (c) The amount of principals of receivables in the ČKA101 Block: **CZK 10,176,741,058.53**
- (d) The largest receivable principal amount in the ČKA101 Block: **CZK 480,522,875**
- (e) The smallest receivable principal amount in the ČKA101 Block: **CZK 0**
- (f) The largest total sum of principles of receivables from one debtor in the ČKA101 Block: **CZK 2,801,834,974.85**
- (g) Division of the ČKA101 Block according to the aggregate volume of registered receivables from a debtor:

DIVISION OF ČKA101 BLOCK ACCORDING TO THE TOTAL VOLUME OF THE RECEIVABLES	NUMBER OF DEBTORS (OR, RESPECTIVELY, BANKRUPTS)	% TO TOTAL VOLUME	TOTAL VOLUME IN CZK MILLION	% TO TOTAL VOLUME	OF THAT PRINCIPAL IN CZK MILLION	% TO TOTAL VOLUME
Volume from CZK 0 - 10 million	484	80.00	1,151.21	7.78	938.22	9.22
Volume from CZK 10 – 25 million	65	10.74	982.72	6.64	741.63	7.29
Volume from CZK 25 – 50 million	19	3.14	659.07	4.46	498.64	4.90
Volume from CZK 50 - 100 million	11	1.82	730.56	4.94	392.78	3.86

Volume from CZK 100 - 500 million	21	3.47	4,127.57	27.9	2,453.20	24.11
Volume above CZK 500 million	5	0.83	7,141.29	48.28	5,152.28	50.63
TOTAL	605	100	14,792.43	100	10,176.74	100

- 1.2 For the purposes of the Rules of the Tender, the principal shall be understood as the actual amount of the receivable without related charges.
- 1.3 The information about the aforementioned receivables is based on accounting records of ČKA as of April 30, 2005. Such information may be different as of the day of the assignment of the receivables to the winner of the Tender due to the fact that certain receivables may cease to exist or their actual amount may change.
- 1.4 ČKA reserves the right to eliminate at any time, but by 3 p.m. of the tenth day preceding the Offer Submission Date (as this expression is defined in Section 7.1(a) of the Rules) at the latest, one or more receivables from the ČKA101 Block and not to assign such eliminated receivables. ČKA shall inform the entities participating in the Tender (the "**Participant**") about elimination of such receivables by sending a notice to the Participants' postal and e-mail address stated in the Application pursuant to Section 14.2 of the Rules.
- 1.5 More detailed information about the receivables to be assigned are recorded on a data carrier containing the information kept by ČKA concerning the receivables to be assigned as of April 30, 2005, concerning security instruments, obligated persons/entities and pending proceedings (the "**Data Tape**"). The quantified related charges connected with the receivables recorded on the Data Tape should be used for informative purposes only and may not correspond to the actual situation, or, as the case may be, the related charges as these are quantified in other documents relating to the receivables to be assigned.
- 1.6 Certain receivables in the ČKA101 Block may be disputable as to their existence or their amount or the existence and extent of their securing.

2. DESCRIPTION OF CONTRACTUAL DOCUMENTATION

- 2.1 A Framework Agreement shall be concluded with the Participant who becomes the winner of the Tender or with the Designated Entity (as this expression is defined in Section 11.1 of the Rules); the Framework Agreement shall include in particular, without limitation:
- (a) rights and obligations of the contractual parties connected with the assignment of receivables, hand-over of the documentation relating to the receivables to be assigned to the assignee and payment of consideration by the assignee;
 - (b) the assignor's and the assignee's obligation to enter into partial agreements on the assignment of the individual receivables; a sample of such partial agreement will be a part of the Framework Agreement;
 - (c) rights and obligations of the contractual parties for the case that defects occur on the receivables to be assigned; and
 - (d) the manner of disposal of the receivables by ČKA until the moment of their assignment.

2.2 The text of the Framework Agreement including all exhibits thereto shall be given to all the Participants who have met the qualification criteria and other terms and conditions of the Tender in compliance with Section 6 of the Rules of the Tender.

3. **QUALIFICATION CRITERIA**

3.1 A Participant eligible to take part in the Tender must fulfill the criteria described further below throughout the entire term of the Tender:

- (a) the Participant is a Czech or foreign legal entity;
- (b) the Participant is not subject to liquidation or similar proceedings pursuant to foreign legal regulations;
- (c) the Participant is not bankrupt, no bankruptcy order was issued in respect of the Participant's assets and no bankruptcy proceedings in respect of the Participant's assets were cancelled due to lack of assets, the Participant is not a party to settlement proceedings, nor the Participant is a party to proceedings similar to bankruptcy or settlement proceedings;
- (d) the Participant has no tax arrears in the Czech Republic;
- (e) the Participant has no arrears on public health insurance payments in the Czech Republic or penalty relating thereto, no arrears on social security insurance payments in the Czech Republic or penalty relating thereto and no arrears on the state employment policy contribution in the Czech Republic;
- (f) neither the Participant, nor any entity belonging to the same Linked Group with the Participant, nor any other entity having a capital interest in the Participant in excess of 5 (five) per cent, nor any other entity taking concerted action with the Participant, or, as the case may be, with an entity belonging into the same Linked Group as the Participant, maintain any court or arbitration proceedings against any entity from the ČKA Group in connection with the agreement containing the general terms and conditions for assignment of a large number of receivables from various debtors in the same moment (the so-called block sale of receivables). This qualification criterion is not met even in the case that any of the entities described in this sub-section 3.1(f) had not been successful in such proceedings in the past five years before the Tender was opened;
- (g) neither the Participant, nor any entity belonging to the same Linked Group with the Participant, are as debtors in delay with the performance of enforceable receivables the creditor of which is any of the entities within the ČKA Group;
- (h) neither the Participant, nor any entity belonging to the same Linked Group with the Participant, nor any entity that is the statutory body or a member of a statutory body or a member of another body of the Participant or another entity belonging together with the Participant in the same Linked Group, directly or indirectly participate, nor participated in the past, in criminal activities (unless such entity is deemed as not sentenced), and neither the Participant, nor any of the aforementioned entities participate, nor participated in the past, in any activity connected with legalization of proceeds from criminal activities. Activities that are considered as participation in criminal activities and what is considered as legalization of proceeds from criminal activities, shall be determined according to the Czech legal regulations and according to legal regulations of the countries

where the Participant or another entity belonging together with the Participant in the same Linked Group has its registered seat or pursues business activities;

- (i) the Participant has secured sufficient financial means necessary for fulfillment of the Participant's obligations that will arise to the Participant from its participation in the Tender and from the Framework Agreement and the agreements concluded pursuant thereto or in connection therewith. Such financial means may not be proceeds from criminal activities; and
- (j) the Participant itself or together with entities belonging to the same Group Having Property Ties holds total assets amounting to at least CK 1,000 million or its equivalent in a foreign currency converted according to the rate published by the Czech National Bank as of the Tender announcement date, as such information is based on annual financial statements verified by an auditor for the past completed accounting period prior to opening of the Tender.

3.2 The Participant is obligated to inform ČKA about any change in facts decisive for evaluation whether or not the Participant meets the qualification criteria that occurs during the Tender without undue delay after such change occurs.

3.3 For the purposes of these Rules,

- (a) a linked group (the "**Linked Group**") shall mean all entities (i) controlled directly or indirectly by the Participant, (ii) by which the Participant is controlled, directly or indirectly, or (iii) that are together with the Participant under direct or indirect control of the same controlling entity. The expressions "control", "controlling entity" and "controlled entity" shall be construed in accordance with the Commercial Code;
- (b) a group having property ties (the "**Group Having Property Ties**") shall mean all entities (i) controlled directly or indirectly by the Participant, (ii) by which the Participant is directly or indirectly controlled or (iii) that are together with the Participant under direct or indirect control of the same controlling entity, provided, that such control is based on the fact that the controlled entity is a company having a majority member (shareholder) and such majority member (shareholder) is either the controlling entity or through such majority member (shareholder) the controlled entity is controlled by the controlling entity. The expressions "control", "controlling entity", "controlled entity" and "majority member (shareholder)" shall be construed in accordance with the Commercial Code, provided, that only control resulting from a position of a majority member (shareholder) shall be deemed as control;
- (c) the ČKA Group (the "**ČKA Group**") shall mean Česká konsolidační agentura and Česká finanční, s.r.o., Konpo, s.r.o., PRISKO a.s., SANAKON, s.r.o. v likvidaci (*in liquidation*) and Revitalizační agentura, a.s. v likvidaci (*in liquidation*).

4. **FILING AN APPLICATION TO THE TENDER**

4.1 Each entity that is interested in taking part in the Tender (the "**Applicant**") is obligated to take the following steps:

- (a) deliver to CDI Corporate Advisory, a.s., the representative of ČKA, at Na Perštýně 1, Prague 1 the documents described further below on any business day within

the period from the opening of the Tender until June 10, 2005 (the “**Application Submission Deadline**”) from 9:00 a.m. to 4:00 p.m.:

- (i) one original application for participation in the Tender signed by the Applicant; the application must correspond to the sample set out in Exhibit 1 to the Rules (the “**Application**”); the signature must be officially verified;
 - (ii) two counterparts of a draft Confidentiality Agreement signed by the Applicant; the draft Confidentiality Agreement must correspond to the sample set out in Exhibit 2 to the Rules; the signature must be officially verified;
 - (iii) a deed certifying the Applicant’s legal capacity. Legal capacity may be proved by an original or an officially verified copy of the current Excerpt from the Commercial Register or, in case of foreign entities, an Excerpt from a register of companies similar to the Commercial Register in the Czech Republic; the Excerpt may not be older than three (3) months as of the Application delivery date;
 - (iv) an original Representation On Fulfillment Of Qualification Criteria signed by the Applicant; the Representation must correspond to the sample set out in Exhibit 3 to the Rules (the “**Representation On Fulfillment Of Qualification Criteria**”); the signature must be officially verified;
 - (v) an original Representation On The Structure Of The Linked Group And The Group Having Property Ties to which the Applicant belongs (the “**Representation On The Group Structure**”) signed by the Applicant; the Representation On The Group Structure must correspond to the sample set out in Exhibit 4 to the Rules; the signature must be officially verified. The Representation On The Group Structure must include such information that allows to identify unambiguously and certainly those entities that control the Applicant directly or indirectly and including those entities who exercise the ultimate control over the Applicant, as well as entities belonging to the same Linked Group with the Applicant that have their registered seat in the Czech Republic or have established an organizational branch in the Czech Republic, and in addition all other entities that belong to the same Group Having Property Ties with the Applicant, provided that the Applicant has included the information about assets of such entities in order to meet the qualification criterion pursuant to Section 3.1(j) of the Rules; the Representation On The Group Structure must at all times include the information about the manner how the Applicant controls such other entities, whether directly or indirectly, how the Applicant is controlled by such entities, whether directly or indirectly, and/or how the Applicant together with such entities is under common direct or indirect control of the same controlling entity. The Representation On The Group Structure must state all members (shareholders) whose capital interest in such legal entity exceeds five (5) per cent, if such members (shareholder) are known.
- (b) make a wire payment transfer of the administrative fee amounting to CZK 1,500,000 (in words: one million five hundred thousand Czech crowns) to the account of ČKA, account No. 2019004/3300, IBAN: CZ48 3300 0000 0000 0201 9004, maintained with Česká konsolidační agentura, with its seat at Prague 7,

Janovského 438/2, Postal Code: 170 06, SWIFT: KOBPCZPP, by the Application Submission Deadline at the latest. The administrative fee shall be deemed as paid in the moment of crediting the entire administrative fee amount to the aforementioned account of ČKA.

- 4.2 The Application and other documents signed by the Applicant must bear own-hand signatures of persons authorized to act on behalf of the Applicant in the Tender. If authorization of persons acting on behalf of the Applicant in the Tender does not follow from the Excerpt from the Commercial Register, or, in case of foreign entities, an Excerpt from a register of companies similar to the Commercial Register in the Czech Republic, the Applicant is obligated to evidence its authorization by another document that must be presented in an original or an officially verified copy. The Applicant may be represented in the Tender by a proxy authorized by a power of attorney; in such a case, such proxy is obligated to provide ČKA with a written power of attorney issued to such proxy and bearing an officially verified signature of the Applicant. All documents evidencing the authorization to act on behalf of the Applicant including a power of attorney, if any, must be delivered together with the Application to CDI Corporate Advisory, a.s., acting as a representative of ČKA.
- 4.3 All documents submitted by the Applicant to prove its legal capacity or that prove the authorization to act on the Applicant's behalf that are not executed in the Czech language, must be officially translated into the Czech language. All documents where an officially verified signature is required, or where an officially verified copy or original is required, must meet the requirements set forth by Czech legal regulations for being deemed as documents with an officially verified signature, officially verified copies or originals (in case of foreign documents this is secured for example by attaching an Apostille or super-legalization clause).
- 4.4 If the documents submitted pursuant to this Section do not correspond to the sample documents attached in the exhibits to these Rules (except for insertion of the required information), they will not be deemed as duly submitted.
- 4.5 The Application and other documents pursuant to this Section must be delivered to CDI Corporate Advisory, a.s., acting as a representative of ČKA in a sealed envelope labeled: "Tender – Application – ČKA101 Block – DO NOT OPEN". The envelope must contain the Applicant's designation and its sealing must bear the signature of persons authorized to act on behalf of the Applicant.
- 4.6 The Application and other documents delivered after the Application Submission Deadline shall not be taken into account except for documents delivered pursuant to Section 5 of the Rules upon a request of ČKA. The administrative fee paid after the Application Submission Deadline shall be returned to the entity that paid it.
- 4.7 If at any time during the Tender one of the following situations occurs:
- (a) a change in entities that directly or indirectly control the Participant (Applicant);
 - (b) a change in entities that belong, together with the Participant (Applicant) in the same Linked Group that have their registered seat in the Czech Republic or that have an organizational branch established in the Czech Republic, or
 - (c) a situation where entities belonging together with the Participant (Applicant) in the same Group Having Property Ties listed by the Participant (Applicant) in the Statement on the Group Structure for the purposes of meeting a qualification

criterion pursuant to Section 3.1(j) of the Rules, shall cease to belong together with the Participant (Applicant) in the same Group Having Property Ties,

the Participant (Applicant) is obligated to inform ČKA about such change without undue delay after such change occurs.

5. **REVIEW OF FULFILLMENT OF THE QUALIFICATION CRITERIA**

5.1 ČKA shall review whether the qualification criteria have been met and whether the documents submitted by the Applicant pursuant to Section 4 of the Rules fulfill the stipulated requirements. On July 13, 2005 ČKA shall inform each entity that filed the Application whether or not such entity has met the qualification criteria and other terms and conditions of the Tender. As from the moment of such information, the Applicant who has met the qualification criteria and other terms and conditions of the Tender, shall become the Participant in the Tender. A list of the Participants who have met the qualification criteria and other terms and conditions for participation in the Tender shall be published also on ČKA's web pages.

5.2 The Applicant who has not met the qualification criteria and/or other terms and conditions set forth in Section 4 of these Rules, shall not become the Participant in the Tender. A notice thereof will be delivered to the Applicant concerned; the notice will include, *inter alia*, the reason why such Applicant has not become a Participant in the Tender.

5.3 Upon a review of the Application, ČKA has the right to invite any of the Applicants within thirteen (13) days following the Application Submission Deadline to:

- (a) submit additional documents evidencing that the Applicant has met the qualification criterion set forth in Section 3.1(j) of the Rules, in particular, without limitation, submission of financial statements verified by an auditor, or, as the case may be, consolidated financial statements of the individual members of the Group Having property Ties, as such documents will be specified in the relevant request;
- (b) provide additional information relating to the Representation On The Group Structure;
- (c) submit documents pursuant to Section 4.1(a)(iii) of the Rules relating to evidence of the Applicant's legal capacity, if all such documents were not submitted together with the Application; or
- (d) submit documents pursuant to Section 4.2 of the Rules relating to evidence of authorization of persons acting on behalf of the Applicant to act on behalf of the Applicant, if all such documents were not submitted together with the Application.

5.4 ČKA shall grant to the Applicant a reasonable period for submission of additional documents or information pursuant to the preceding subsection of at least seven (7) days. If the Applicant fails to provide the requested documents or information within such given period of time or if, according to ČKA's opinion, such documents and information could not be considered as sufficient to prove fulfillment of the qualification criteria or other terms and conditions of the Tender, the Applicant shall not become the Participant in the Tender. ČKA shall inform the Applicant thereabout.

5.5 ČKA reserves the right to invite any Participant at any time during the Tender to submit within ten (10) days from being requested to do so, a letter issued by a bank having its seat in a OECD country, corresponding in its contents to the sample set out in Exhibit 15 to the Rules. The purpose of such letter shall be verification of fulfillment of the

qualification criterion pursuant to Section 3.1(i) of the Rules relating to securing sufficient amount of financial means. If the Participant fails to submit such letter, although ČKA requested the Participant to do so, ČKA reserves the right to eliminate such Participant from the Tender.

6. **PROVISION OF INFORMATION ABOUT THE RECEIVABLES TO BE ASSIGNED**

6.1 ČKA shall allow those Participants who fulfilled the qualification criteria and other terms and conditions for taking part in the Tender, to review the information about the receivables to be assigned (the so-called “due diligence”) by providing them with the Data Tape and CD-ROM/DVD containing electronic copies of documents relating to the receivables to be assigned (“**CD-ROM/DVD**”). Furthermore, as an additional source of information, ČKA shall make available to the Participants paper copies of documentation relating to such receivables. At the same time, the Data Tape shall include information specifying which documents relating to the receivables to be assigned ČKA has at its disposal in originals and which documents are available only in a copy or in an officially verified copy.

6.2 Review of information (due diligence review) pursuant to the preceding section shall be allowed to the Participant provided that the Participant submits:

- (a) a list of persons who should be allowed access to the provided information about the receivables to be assigned that will correspond to the sample set out in Exhibit 7 to the Rules; and
- (b) the Rules Applicable To Use Of Data Carriers signed by the Participant that will correspond to the sample set out in Exhibit 8 to the Rules. The Rules Applicable To Use Of Data Carriers must further be signed by each person who will review the provided information for the Participant. If the Participant wishes to extend the numbers of persons taking part in the due diligence review of information concerning the receivables to be assigned, each such person must sign the Rules Applicable To Use Of Data Carriers additionally and the Participant shall deliver such signed Rules Applicable To Use Of Data Carriers to ČKA.

6.3 ČKA shall deliver the Data Tape and CD-ROM/DVD to the Participant in its seat at Prague 7, Janovského 438/2, Postal Code: 170 06. The date and time of such delivery shall be stated in a notice pursuant to Section 5.1 of the Rules. The delivery date shall be identical for all the Participants. On the same day, ČKA shall further hand-over to the Participant:

- (a) the text of the Framework Agreement that will be concluded with the Participant who has become the winner of the Tender; Exhibit 1 to the Framework Agreement shall not include any information about the receivables to be assigned;
- (b) one counterpart of the Confidentiality Agreement signed by ČKA;
- (c) two counterparts of the draft Agreement On The Financial Security And Contractual Penalty (the “**Agreement On The Financial Security**”) that shall correspond to the sample set out in Exhibit 5 hereto, signed by ČKA; and
- (d) two counterparts of the draft Agreement On The Bank Guarantee And On Contractual Penalty (the “**Agreement On The Bank Guarantee**”) that shall correspond to the sample set out in Exhibit 6 hereto, signed by ČKA.

- 6.4 If the Participant does not appear for take-over of the Data Tape and CD-ROM/DVD at the time determined by ČKA for the pertinent Participant, the Data Tape and CD-ROM/DVD will be given to that Participant on another date to be agreed by the Participant and ČKA. On such other date the Participant shall deliver to ČKA the documents described in Section 6.2 of the Rules and shall receive from ČKA documents described in Section 6.3 of the Rules. The Participant acknowledges and agrees that the Participant shall not have the right to review the information relating to the receivables to be assigned ("due diligence") until the Participant delivers documents described in Section 6.2 of the Rules to ČKA, and that the time during which the Participant may perform its due diligence investigation shall be shorter by such time in comparison with the time given to other Participants.
- 6.5 ČKA and the Participant shall prepare a delivery protocol concerning the hand-over of the Data Tape and CD-ROM/DVD, that shall correspond to the sample protocol set out in Exhibit 9 to the Rules. The protocol shall be signed by a person authorized to act on behalf of the Participant.
- 6.6 ČKA shall allow the Participants and persons authorized by them to perform a due diligence review of paper documentation relating to the receivables to be assigned; such review to have the form of visits to the Data Room between July 14, 2005 and September 8, 2005 and according to a time schedule to be determined by ČKA. The Participant and persons authorized by it are obligated to abide by the Data Room Rules that are set out in Exhibit 10 to these Rules. Prior to first entrance to the Data Room, each person shall sign the Data Room Rules.
- 6.7 In the Data Room the Participant will further have access to regularly updated information about the receivables to be assigned.
- 6.8 The Participant is obligated to return the Data Tape and CD-ROM/DVD as well as any other electronic data carriers received by the Participant:
- (a) together with delivery of a notice on withdrawal from the Tender at the latest,
 - (b) within three days as from delivery of a notice of elimination from the Tender at the latest,
 - (c) by 4:00 p.m. of the day preceding the Offer Submission Date pursuant to Section 7.1(a) of the Rules at the latest, or
 - (d) within three days after the Tender was cancelled at the latest.
- 6.9 A hand-over protocol shall be prepared concerning the return of the Data Tape and CD-ROM/DVD and possible other electronic data carriers. The Participant who has become the winner of the Tender shall receive the Data Tape and CD-ROM/DVD and possible other electronic data carriers that had been provided to it. The Participant who fails to return the Data Tape, CD-ROM/DVD or possible other electronic data carriers provided to it, shall pay to ČKA a contractual penalty of CZK 100,000 (in words: one hundred thousand Czech crowns) for each individual unreturned electronic data carrier.
- 6.10 During the entire term of the Tender the Participants may not enter into negotiations with debtors under the receivables to be assigned concerning matters relating thereto. If a bankruptcy order is issued in respect of a debtor, such obligation shall extend also to negotiations with the bankruptcy trustee of the debtor's assets. ČKA shall be entitled to a contractual penalty of CZK 100,000 (in words: one hundred thousand Czech crowns) for a

breach of this obligation, such a penalty to be charged for each individual case of a breach of the obligation. In addition thereto, the Participant may be eliminated from the Tender for such breach.

7. OFFER

7.1 If the Participant is interested in concluding the Framework Agreement with ČKA and to acquire the receivables to be assigned subject to terms and conditions set forth therein, the Participant shall take the following steps:

- (a) on September 9, 2005 (the “**Offer Submission Date**”) the Participant shall deliver to ČKA its offer that shall include the following documents:
 - (i) an original representation about an offer signed by the Participant that shall correspond to sample set out in Exhibit 11 – Part 1 to the Rules (the “**Representation About An Offer**”); the signature must be officially verified. If the Participant requests that the Framework Agreement be concluded with a Designated Entity, the Representation About An Offer must correspond to the sample set out in Exhibit 11 Part 2 to the Rules and it must be signed by the Participant and the Designated Entity; the signatures must be officially verified;
 - (ii) four counterparts of the draft Framework Agreement signed by the Participant as the assignee or by the Designated Entity, if the Framework Agreement is to be concluded with the Designated Entity; the signatures must be officially verified. The draft Framework Agreement must include identification information about the assignee and the aggregate amount of consideration for the receivables to be assigned that must be identical with the amount of consideration set forth in the Representation About An Offer. The draft Framework Agreement must correspond to the text delivered by ČKA to the Participant pursuant to Section 10.2 of the Rules and must be binding upon the Participant for a period of 100 (one hundred) days as from the Offer Submission Date;
 - (iii) a deed evidencing the legal capacity of the Participant, and, as the case may be, the Designated Entity, if the Framework Agreement is to be concluded with the Designated Entity. Legal capacity may be proved by an original or an officially verified copy of the current Excerpt from the Commercial Register or, in case of foreign entities, an Excerpt from a register of companies similar to the Commercial Register in the Czech Republic; the Excerpt must not be older than three (3) months as of the Offer Submission Date;
 - (iv) if the Framework Agreement is to be concluded with the Designated Entity, a Representation of the Participant and the Designated Entity signed by the Participant and the Designated Entity, concerning the fact that the Designated Entity is acquainted with all information about the receivables to be assigned as such information was provided to the Participant; signatures of the Participant and the Designated Entity must be officially verified. Such representation must correspond to the sample set out in Exhibit 13 to the Rules; and
 - (v) if the Framework Agreement is to be concluded with the Designated Entity, a Representation of the Participant and the Designated Entity

concerning the fulfillment of the qualification criteria and other terms and conditions of the Tender by the Designated Entity, signed by the Participant and the Designated Entity. Such representation must correspond to the sample set out in Exhibit 14 to the Rules; signatures of the Participant and the Designated Entity must be officially verified;

- (b) the Participant shall provide ČKA with security amounting to CZK 100,000,000 (in words: one hundred million Czech crowns), using one of the manners for provision of security set forth in Section 9 of the Rules. At the same time, depending on the chosen manner of providing the security, the Participant shall deliver to ČKA together with the offer:
 - (i) one counterpart of the Agreement On The Financial Security, or
 - (ii) one counterpart of the Agreement On The Bank Guarantee and an original of the Bank Guarantee (guarantee certificate).

The Participant's signature on the Agreement On The Financial Security or on the Agreement On The Bank Guarantee shall be officially verified.

- 7.2 The Representation About An Offer and other documents signed by the Participant or the Designated Entity must bear own-hand signatures of persons authorized to act on behalf of the Participant or the Designated Entity in the Tender. If authorization of persons acting on behalf of the Participant or the Designated Entity in the Tender does not follow from the Excerpt from the Commercial Register, or, in case of foreign entities, an Excerpt from a register of companies similar to the Commercial Register in the Czech Republic, the Participant is obligated to evidence such authorization by another document that must be presented in original or an officially verified copy. If the Participant or the Designated Entity are represented in the Tender by a proxy authorized by a power of attorney the Participant or the Designated Entity are obligated to provide ČKA with a written power of attorney issued to such proxy bearing an officially verified signature of the Participant or the Designated Entity.
- 7.3 All documents submitted by the Participant or the Designated Entity in order to prove their legal capacity or that prove the authorization to act on their behalf that are not executed in the Czech language, must be officially translated into the Czech language. All documents where an officially verified signature is required, or where an officially verified copy or original is required, must meet the requirements set forth by Czech legal regulations for being deemed as documents with an officially verified signature, officially verified copies or originals (in case of foreign documents this is secured for example by attaching an Apostille or super-legalization clause).
- 7.4 If the documents submitted pursuant to this Section do not correspond to the sample documents attached in the exhibits to these Rules (except for insertion of the required information), they will not be deemed as duly submitted.
- 7.5 The offer and other documents pursuant to this Section must be delivered to ČKA to the address: Prague 7, Janovského 438/2, Postal Code: 170 06, in the time period from 11:30 a.m. to 12:00 a.m., in a sealed envelope labeled: "Tender – Offer – ČKA101 Block – DO NOT OPEN". The envelope must contain the Participant's designation and its sealing must bear the signature of persons authorized to act on behalf of the Participant. The envelope must contain two smaller sealed envelopes; one of them to contain the Representation About An Offer (Section 7.1(a)(i) of the Rules), clearly marked as the "Representation About An Offer", signed on the sealing by persons authorized to act on

behalf of the Participant, and another smaller envelope containing the remaining documentation pursuant to Section 7.1 of the Rules, clearly marked as "Other Documentation", again signed on the sealing by persons authorized to act on behalf of the Participant.

7.6 Offers will be submitted in the presence of a notary who shall prepare a notarial record concerning take-over of sealed envelopes containing the offers of the individual Participants.

7.7 A filed offer may not be withdrawn, changed or amended; errors made during execution of documents constituting the offer, may not be corrected.

8. **EVALUATION (ASSESSMENT) OF OFFERS**

8.1 On the Offer Submission Date the envelopes containing offers of the individual Participants will be opened in the presence of a notary. Upon opening of an envelope designated "Representation About An Offer", the aggregate amount of consideration offered by the respective Participant for the ČKA101 Block will be announced. Subsequently, the envelope designated "Other Documentation" will be opened and its content will be reviewed. A notarial record will be prepared in respect of the above acts. Maximum of two representatives for each of the Participant may take part in the envelope opening procedure.

8.2 ČKA shall review whether a filed offer has the prescribed prerequisites and whether other terms and conditions for filing an offer set forth by the Rules have been met. The review of offers will be performed by a committee for offer evaluation set up by ČKA (the "**Committee**").

8.3 Those Participants that did not take the steps set forth in Section 7.1 of the Rules, shall be eliminated from the Tender. A notice thereof will be delivered to the Participant concerned; the notice will include, the reason why such Participant was eliminated from the Tender.

8.4 Offers of the Participants that according to the Committee have met all the terms and conditions set forth by the Rules relating to the submission of the offer, shall be then evaluated according to a single criterion which is the aggregate amount of consideration offered by the individual Participants for ČKA101 Block as such offers are stated in the Representation About An Offer. ČKA shall choose from among such Participants the winner of the Tender, such winner to be the Participant who offered the highest aggregate amount of consideration for ČKA101 Block in its Representation About An Offer.

8.5 If two or more Participants submit Representations About An Offer containing an identical amount of consideration for ČKA101 Block, ČKA shall determine the winner of the Tender from among such two or more Participants at its own discretion.

8.6 No later than on October 31, 2005 ČKA shall publish information about who became the winner of the Tender by placing a notice on the web site www.czka.cz and by sending a written notice to all Participants who had filed an offer.

9. **SECURITY**

9.1 Each of the Participants filing an offer is obligated to provide ČKA with a security amounting to CZK 100,000,000 (in words: one hundred million Czech crowns). The security may be provided in either of the two following forms:

- (a) in monies via a bank account transfer to the account of ČKA, account No. 2019004/3300, IBAN: CZ48 3300 0000 0000 0201 9004, maintained with Česká konsolidační agentura with its registered seat at Prague 7, Janovského 438/2, Postal Code: 170 06, SWIFT: KOBPCZPP (the “**Financial Security**”), the Financial Security must be paid on the day preceding the Offer Submission Date at the latest. The Financial Security shall be deemed paid on the moment when the entire amount is credited to the aforementioned account of ČKA; or
- (b) via an irrevocable bank guarantee issued by a bank holding long term deposits ranking Aaa pursuant to the Moody's rating agency (the “**Qualifying Bank**”) with its registered office in Great Britain or in Germany (the “**Bank Guarantee**”). The Bank Guarantee (guarantee certificate) shall correspond to the sample set out in Part 1 of Exhibit 12 to the Rules (in case of a Bank Guarantee issued by a Qualifying Bank with its registered office in Great Britain) or the sample set out in Part 2 of Exhibit 12 to the Rules (in case of a Bank Guarantee issued by a Qualifying Bank with its registered office in Germany). The Bank Guarantee (guarantee certificate) must be issued in the English language.
- 9.2 ČKA and the Participant shall conclude an agreement on the financial security regarding the security in the form corresponding to the sample set out in Exhibit 5 to the Rules; ČKA and the Participant shall conclude an agreement on the provision of security in the form of a bank guarantee corresponding to the sample set out in Exhibit 6 to the Rules.
- 9.3 The security provided by the Participant who became the winner of the Tender, shall be used as follows:
- (a) The Financial Security paid by the Participant together with the interest accrued thereon shall be used as an advance payment pursuant to the terms and conditions of the Framework Agreement. A similar procedure shall be taken in the case that the Framework Agreement is concluded with the Designated Entity according to the Participant's proposal;
- (b) The Bank Guarantee (guarantee certificate) provided by the Participant shall be returned to the Participant only after the Participant, or, as the case may be, the Designated Entity, fulfills its obligation to make an advance payment pursuant to the terms and conditions of the Framework Agreement.
- 9.4 The security provided by Participants who have not become the winner of the Tender, shall be returned to such Participants as follows:
- (a) The Financial Security paid by the Participant together with the interest accrued thereon shall be returned to the Participant to the bank account determined by the Participant to ČKA. All bank fees connected with return of the Financial Security shall be borne by the Participant. The Financial Security shall be deemed returned on the date when it was debited from the ČKA's bank account in favor of the recipient's account;
- (b) The Bank Guarantee (guarantee certificate) shall be returned to the Participant and a hand-over protocol shall be prepared in respect thereof.

The security provided by the Participants shall be returned to all of them in the same manner in case that the Tender is cancelled or ČKA decides to reject all submitted offers and not to conclude the Framework Agreement with any of the Participants.

- 9.5 The Financial Security shall bear interest at a rate “2T repo” published by the Czech National Bank minus 0.75% commencing as from the day following the date of crediting the Financial Security to the bank account of ČKA until the day immediately preceding the date when the Financial Security is returned, used for payment of a contractual penalty or used as an advance payment of the consideration pursuant to the concluded Framework Agreement.
- 9.6 If the Participant who has met the qualification criteria and other terms and conditions for participation in the Tender pursuant to Section 5.1 of the Rules, materially breaches the Rules, the Participant shall pay to ČKA a contractual penalty amounting to CZK 100,000,000 (in words: one hundred million Czech crowns) for each individual case of a material breach of the Rules. A material breach of the Rules shall be considered the following conduct:
- (a) untrue notification or representation of the Participant, even if such notification or representation relates to the Designated Entity, in any document delivered to ČKA during the Tender;
 - (b) the Framework Agreement is not concluded due to reasons on the part of the Participant or the Designated Entity in case that the Participant was chosen as the winner of the Tender;
 - (c) the Participant who was chosen as the winner of the Tender fails to secure that the Designated Entity approved by ČKA pursuant to Section 11 of the Rules, concludes the Framework Agreement.
- 9.7 ČKA shall have the right to use the provided security for payment of its receivable from the Participant concerning the payment of a contractual penalty. The right of ČKA to payment of the contractual penalty shall not affect the right of ČKA to compensation of damage even in an extent exceeding the contractual penalty.

10. ENTERING INTO A FRAMEWORK AGREEMENT

- 10.1 If the Participant has any inquiries or comments concerning the text of the Framework Agreement delivered to it pursuant to Section 6.3(a) of the Rules, the Participant shall raise such inquiries or comments in writing no later than fourteen (14) days as from the date determined pursuant to Section 6.3 of the Rules for hand-over of the text of the Framework Agreement. ČKA shall not respond to inquiries or comments raised at a later time.
- 10.2 Prior to the Offer Submission Date ČKA shall convene a meeting with each of the Participants where they will be informed about ČKA's position on the submitted inquiries and comments concerning the text of the Framework Agreement. ČKA reserves the rights to make possible amendments to the text of the Framework Agreement that ČKA might deem appropriate. The revised final text of the Framework Agreement containing also information about the receivables to be assigned within the extent of Exhibit No. 1 to the Framework Agreement, will be delivered to Participants at the seat of ČKA at Prague 7, Janovského 438/2, Postal Code: 170 06, ten (10) days before the Offer Submission date at the latest. This text of the Framework Agreement will be final and complete and Participants are obligated to submit it as their respective draft Framework Agreement within the framework of their respective offers pursuant to Section 7 of the Rules, only with information about the assignee and the aggregate amount of consideration for ČKA101 Block filled in; the Participants may make further amendments permitted pursuant to the final text of the Framework Agreement delivered to the Participants.

- 10.3 ČKA shall sign the draft Framework Agreement submitted by the winner of the Tender within the framework of the winner's offer and either shall hand it over to the winner of the Tender in person, or shall post it via mail to the address of the winner of the Tender stated in the Application. Upon delivery of the signed draft Framework Agreement to the winner of the Tender, the Framework Agreement shall be concluded.
11. **DESIGNATED ENTITY**
- 11.1 Upon a request of the winner of the Tender, the Framework Agreement may be concluded with a Czech or foreign commercial company whose sole member is the winner of the Tender or whose sole member is a company whose sole member is the winner of the Tender (the "**Designated Entity**") instead of the winner of the Tender. The winning Participant is obligated to prove to ČKA the fact that the winning Participant is the sole member of the Designated Entity or that the winning Participant is the sole member of the company that is the sole member of the Designated Entity. The winning Participant is obligated to control the Designated Entity throughout the entire term from filing the offer until the Framework Agreement is concluded.
- 11.2 Conclusion of the Framework Agreement with the Designated Entity shall be conditional upon the following:
- (a) The Designated Entity must meet the qualification criteria set forth in Section 3 of the Rules, the fulfillment of such criteria shall be evidenced by submission of an original of a representation concerning the fact that the Designated Entity meets the qualification criteria, signed by the Participant, such Representation to correspond to the sample set out in Exhibit 14 to the Rules; the signature must be officially verified;
 - (b) The Participant must prove to ČKA the legal capacity of the Designated Entity in the manner set forth in Section 7.1(a)(iii) of the Rules and the authorization of persons acting on behalf of the Designated Entity in the manner set forth in Section 7.2 of the Rules.
- 11.3 If according to the Participant the Framework Agreement should be concluded with the Designated Entity, the Participant is obligated to state such fact in the Representation About An Offer. ČKA shall have the right to refuse to conclude the Framework Agreement with the Designated Entity and to request that the Framework Agreement be concluded directly with the Participant. In such a case, the Participant is obligated to conclude the Framework Agreement with ČKA without undue delay after ČKA informs the Participant that ČKA rejects to conclude the Framework Agreement with the Designated Entity, and after ČKA invites the Participant to conclude the Framework Agreement.
- 11.4 If the Framework Agreement is concluded with the Designated Entity, the winning Participant shall guarantee the fulfillment of all obligations assumed by the Designated Entity pursuant to the Framework Agreement or pursuant to agreements concluded on the basis thereof, and the winning Participant is obligated to fulfill such obligations in case that the Designated Entity fails to do so.
- 11.5 If in the period until the Framework Agreement is concluded the Participant who has become the winner of the Tender, ceases to control the Designated Entity, ČKA shall have the right to reject the conclusion of the Framework Agreement and to eliminate the Participant who has become the winner of the Tender, from the Tender. The winning Participant is further obligated to pay to ČKA for a breach of its obligation to control the

Designated Entity a contractual penalty of CZK 100,000,000 (in words: one hundred million Czech crowns).

12. ELIMINATION AND RESIGNATION FROM THE TENDER

12.1 ČKA shall have the right to eliminate from the Tender any Participant who has made an untrue statement or representation of the Participant, even if such statement or representation relates to the Designated Entity, in any document delivered to ČKA during the Tender, or any Participant that ceases to meet the qualification criteria, or any Participant that breaches the Rules in another manner. ČKA shall deliver to the Participant a notice on elimination including the reason for such elimination.

12.2 ČKA shall have the right to eliminate any Participant if a change in entities by which the Participant is directly or indirectly controlled, occurs.

12.3 Until the moment the offer is submitted pursuant to Section 7 of the Rules, the Participant may withdraw from the Tender upon a written notice delivered to ČKA.

12.4 The administrative fee paid by the Applicant, that has not become a Participant, shall be returned to such Applicant by a bank account transfer to the account determined in the Application. In other cases the paid administrative fee shall be retained.

13. CANCELLATION OF THE TENDER AND CHANGES IN RULES

13.1 ČKA reserves the right to change or amend these Rules of the Tender in any manner and at any time or to cancel the Tender at any time. ČKA further reserves the right to reject all submitted offers and not to conclude the Framework Agreement with any of the Participants.

13.2 ČKA shall inform about amendments to the Rules of the Tender or cancellation of the Tender in the same manner ČKA announced the opening of the Tender; ČKA, however, shall inform about elimination of a receivable from ČKA101 Block only in the manner described in Section 1.4 of the Rules.

13.3 Any and all costs incurred by the Participants connected with their participation in the Tender shall be borne by the Participants even in case the Tender is cancelled by ČKA.

14. NOTICES

14.1 The Rules of the Tender are announced by ČKA by their publishing on the web site of ČKA, www.czka.cz.

14.2 The Participants are obligated to include in the Application their contact information, in particular their e-mail address, fax number and postal address in the Czech Republic where notices that need to be delivered to the individual Participants can be delivered. The delivery date, i.e. the date when a notice is delivered to the respective Participant, shall be considered the date when ČKA sent such notice to the Participant to its e-mail address. If a notice or another document is sent to Participants only to their postal address, such document is delivered to Participants on the moment of actual delivery thereof.

14.3 ČKA has the right to publish on its web site any information relating to the Tender and the individual Participants.

- 14.4 ČKA has determined Ing. Aleš Machka as its contact person in matters relating to the Tender. The contact information is as follows:

Address: Česká konsolidační agentura, Janovského 438/2, 170 06 Prague 7

E-mail: ales.machka@czka.cz

15. **LANGUAGE OF THE TENDER**

These Rules have been prepared in the Czech language and the Tender is also organized only in the Czech language. The Application, the offer and other documents delivered by the Participant according to the Rules must be prepared in the Czech language, unless stated otherwise. If the Participant is allowed access to certain documents also in translation to another language, such translation is provided for information purposes only.

16. **PAYMENT IDENTIFICATION**

The Participant who in compliance with the Rules makes a wire money transfer to the account of ČKA, is obligated to state its identification number or another similar number set forth in the Application as the variable symbol, otherwise the payment may not be considered as duly made. If the Participant has no such number, the Participant shall contact the ČKA's contact person who will inform the Participant about the variable symbol to be used for such payment.

17. **GOVERNING LAW**

The Rules of the Tender and all legal relationships established in connection therewith shall be governed by the laws of the Czech Republic.

18. **A LIST OF EXHIBITS**

- Exhibit 1: Sample Application for Participation in the Tender
- Exhibit 2: Sample Confidentiality Agreement
- Exhibit 3: Sample Representation On Fulfillment Of Qualification Criteria
- Exhibit 4: Sample Representation On The Group Structure
- Exhibit 5: Sample Agreement On The Financial Security And Contractual Penalty
- Exhibit 6: Sample Agreement On The Bank Guarantee And On Contractual Penalty
- Exhibit 7: List Of Persons
- Exhibit 8: Rules Applicable To Use Of Data Carriers In The Due Diligence Process
- Exhibit 9: Sample Delivery Protocol On Hand-Over of The Data Tape And CD-ROM/DVD
- Exhibit 10: Data Room Rules
- Exhibit 11: Part 1 – Sample Representation About An Offer (Without A Designated Entity)
Part 2 – Sample Representation About An Offer (With A Designated Entity)
- Exhibit 12: Part 1 – Sample Bank Guarantee (English And Czech Versions) (A British Bank)

- Part 2 – Sample Bank Guarantee (English And Czech Versions) (A German Bank)
- Exhibit 13: Sample Representation Of A Participant And The Designated Entity On Getting Acquainted With Information About The Receivables To Be Assigned
- Exhibit 14: Representation Of A Participant And The Designated Entity On Fulfillment Of Qualification Criteria By The Designated Entity
- Exhibit 15: Sample Bank Letter

This Tender is announced in Prague on May 20, 2005.

Česká konsolidační agentura

Ing. Mojmír Hampl, MSc., Ph.D.
Member of the Board of Directors

Ing. Petr Goldmann
Member of the Board of Directors

Unofficial translation
For information only