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November 12, 2014

Proposed changes to the Articles of Association of the company Západoslovenská energetika, a.s. (ZSE)

(Note: Proposed changes to the Articles of Association of the company Západoslovenská energetika, a.s. are part of the agenda of the Extraordinary General Meeting of the company Západoslovenská energetika, a.s., which will be held on December 12, 2014).

➤ **The proposed change of the Article II of the ZSE's Articles of Association as follows:**

- *new business activity is added:*
„translation and interpreting services from and to English and German“

- *following business activities are deleted:*
“installation, repair, maintenance of classified electric equipment up to 1000 V, over 1000 V and manufacture of low voltage switchboards”
“maintenance, service and operation of power distribution networks and transformer plants”
“engineering in maintenance, service and operation of power distribution networks and transformer plants”
“the provision of services associated with operation and maintenance of electric stations and 110 kV and 22 kV lines”
“complex measurement in HV and LV power distributions”
“thermovision diagnostic measurement”
“preventive and diagnostic measurement in LV and HV cable distributions”
“repair and installation of meters, control equipment of measuring sets, installation of current and voltage measuring transformers, repair of distribution transformers, rotary machines and asynchronous motors, service of hydraulic machines and disposal thereof”
“testing of distribution transformers up to voltage 40.5 kV”
“testing of dielectric protective and working aids up to voltage 40.5 kV”
“testing of insulating oils”
“calibration of electric quantity gauges”
“repair, installation and disposal of meters, measuring sets and activities related thereto”
“installation of measuring sets and replacement thereof”
“installation, repair and maintenance, expert inspections and tests of electric equipment”
“engineering in construction”
“designing in investment construction, design of power distribution equipment, networks, technological and energy structures up to voltage 110 kV inclusive”
“installation of equipment up to voltage 110 kV inclusive and of public lighting”
“expert inspections and tests of gas equipment”
“expert inspections and tests of pressure equipment”
“expert inspections and tests of lifting devices”
“repair and maintenance of motor vehicles”
“charter bus transport”
“road freight transportation”
“lodging services together with the performance of catering activity at these facilities”
“massage and rehabilitation services, running a sauna, a fitness centre and whirling baths”
“production of low voltage switchboards”

“informative measurement of physical values”
“performance of reading numeric data recorded at meters in the scope of free business”
“assembly of defined electric meters”
“engineering activity in construction - Procurement services in building industry”
“construction supervising activity”
“activity of construction leader”
“repairs of designated gauges”.

- **The proposed change of the Article XI of the ZSE’s Articles of Association as follows:**
 - *new body of the Company is added:*
„the Audit Committee“.

- **The proposed change of the Article XII, Clause 3. of the ZSE’s Articles of Association as follows:**
 - *new power of the General Meeting of the Company is added:*
„election and removal of members of the Company’s Audit Committee, approval of the agreement on performance of office of the members of the Audit Committee and their remuneration and approval of the rules of procedure of the Company’s Audit Committee“.

- **The proposed change of the Article XVIII of the ZSE’s Articles of Association as follows:**
 - *new Clause 7 is added:*
„7. In addition to meetings of the Board of Directors, a decision of the Board of Directors may also be taken through written statements of the members of the Board of Directors outside a meeting of the Board of Directors (“decision per rollam”). A draft of the resolution shall be submitted to the members of the Board of Directors by the Chairman, or if he is long-term absent by Vice-Chairman of the Board of Directors together with a deadline, by which they should deliver their written statements to the address of the registered office of the Company. If any member of the Board of Directors fails to give his/her statement by the term above, he/she shall be deemed to have disapproved the proposed resolution. The Chairman, or if he is long-term absent, the Vice-Chairman of the Board of Directors shall subsequently disclose the results of the voting to the individual members of the Board of Directors. The majority shall be counted with reference to the aggregate number of votes of all the members of the Board of Directors.”

Current Clauses from 7. to 10. of the Article XVIII of the ZSE’s Articles of Association are renumbered as Clauses 8. up to 11..

- **The proposed change of the Article XVIII, Clause 8. of the ZSE’s Articles of Association as follows:**
 - „8. Cable, telex and fax statements and emails, following their telephone verification and written confirmation provided without undue delay, shall also be considered a written form for the purposes referred to in Clauses 2, 5 and 7 of this Article.”*

- **The proposed change of the Article XVIII, Clause 9. of the ZSE’s Articles of Association as follows:**
 - “9. Minutes shall be taken at the meetings of the Board of Directors, which must contain all the fundamental proceedings of the meeting, including the votes cast and an accurate text of all the decisions that were taken. The minutes must be delivered to the Chairman and Vice-Chairman of the Supervisory Board. The minutes must contain also all the decisions taken by written statements undersigned by all the members of the Board of Directors as provided in Clause 5 above. Minutes taken at the meetings of the Board of Directors must be kept on file by the Company. Upon request of any member, the Board of Directors shall be obliged to make available a copy of the minutes taken at any meeting of the Board of Directors. The minutes shall include also all the resolutions passed by the members of the Board of Directors per rollam in between the individual meetings of the Board of Directors.”*

➤ **The proposed change of the Article XXII of the ZSE's Articles of Association as follows:**

- new Clause 8 is added:

„8. In addition to meetings of the Supervisory Board, a decision of the Supervisory Board may also be taken through written statements of the members of the Supervisory Board outside a meeting of the Supervisory Board („decision per rollam“). A draft of the resolution shall be submitted to the members of the Supervisory Board by the Chairman or if he is long-term absent by Vice-Chairman of the Supervisory Board together with a deadline, by which they should deliver their written statements to the address of the registered office of the Company. If any member of the Supervisory Board fails to give his/her statement by the term above, he/she shall be deemed to have disapproved the proposed resolution. The Chairman, or if he is long-term absent, the Vice-Chairman of the Board of Directors shall subsequently disclose the results of the voting to the individual members of the Supervisory Board. The majority shall be counted with reference to the aggregate number of votes of all the members of the Supervisory Board.”

Current Clauses from 8. to 11. of the Article XXII of the ZSE's Articles of Association are renumbered as Clauses 9. up to 12..

➤ **The proposed change of the Article XXII, Clause 9. of the ZSE's Articles of Association as follows:**

„9. Cable, telex and fax statements and emails, following their telephone verification and written confirmation provided without undue delay, shall also be considered a written form for the purposes referred to in Clauses 3, 6 and 8 of this Article.”

➤ **The proposed change of the ZSE's Articles of Association as follows:**

- **new Articles XXIII and XXIV are added in to the part V of the ZSE's Articles of Association:**

„Audit Committee

Article XXIII.

Powers of the Audit Committee

1. The Audit Committee is a Company body in charge of the following activities, without limitation (the responsibilities of the Board of Directors or Supervisory Board members remain unaffected):
 - a) monitors how financial statements (individual and consolidated) statements are drafted and compliance with specific laws,
 - b) evaluates efficiency of the Company's internal security and risk management systems,
 - c) monitors the process of the mandatory audit of individual financial statements and consolidated financial statements,
 - d) reviews and monitors the independence of the auditor and in particular the provision of additional services by auditor according with specific law,
 - e) recommends an auditor for approval to perform the audit of the Company,
 - f) determines for auditor the term for submission of the independence honour proclamation.
2. The auditor shall report to the Audit committee on key matters arising from the statutory audit, and in particular on material weaknesses in internal control in relation to the process of assembly of the individual financial statements or consolidated financial statements.
3. Members of the Audit Committee shall be obliged to perform their activities with due professional care and maintain confidentiality of all facts and information which they learnt during performance of their office and whose disclosure could cause the Company any harm. The confidentiality obligation under this Clause shall persist even after end of the term of office of a member of the Audit Committee.
4. The Audit Committee shall be obliged to inform the General Meeting of results of its activity in form of an activity report at least once a calendar year. Members of the Audit Committee may participate in sessions of the General Meeting of the Company.

Article XXIV
Organization and meetings of the Audit Committee

- 1. The Company's Audit Committee shall have three (3) members. Members of the Audit Committee shall be elected and removed by the General Meeting based on proposal of the Company's Board of Directors or shareholders. At least one member of the Audit Committee must have at least 5 years of professional experience in accounting or auditing and must be independent of the Company according to a separate regulation applying to Audit Committee. Each member of the Audit Committee shall discharge his/her office personally.*
- 2. The Chairman and Vice-Chairman of the Audit Committee shall be appointed and removed by the Audit Committee, while also the candidate shall vote. The performance of duties of the Chairman and the Vice-Chairman of the Audit Committee shall start on the day of his/her election and shall terminate on the day of his/her removal by the Audit Committee. Unless the number of the members of the Audit Committee drops below one half, the Audit Committee shall be allowed to co-opt substitute member until the next General Meeting of the Company.*
- 3. The term of office of members of the Audit Committee shall be four (4) years. Re-election shall be possible. The General Meeting shall be entitled to remove a member of the Audit Committee at any time. The performance of duties of a member of the Audit Committee shall start on the day of his/her election by the General Meeting and shall not terminate until the successful election of a new member of the Audit Committee to replace the existing member, unless the General Meeting decides otherwise. Any member of the Audit Committee is free to resign to his/her office. The resignation of any member of the Audit Committee shall be effective since the date of the first General Meeting of the Company following the receipt of the resignation notice. If such member of the Audit Committee resigns to his/her office directly at the General Meeting, the resignation shall have immediate effects. If no General Meeting takes place within 3 (three) months after the receipt of the resignation notice, such member's resignation shall be effective on the first day following the expiration of the term.*
- 4. Meetings of the Audit Committee are held as necessary, but at least one time every twelve months. The Audit Committee may, at its own discretion, also invite members of other Company's bodies, Company's employees, or other persons to its meetings. Members of the Company's bodies and Company's employees are required to appear at the meeting of the Audit Committee. Meetings of the Audit Committee shall be convened and chaired by its Chairman, or if he is absent, by the Vice-Chairman of the Audit Committee. In addition to meetings of the Audit Committee, a decision of the Audit Committee may also be taken through written statements of the members of the Audit Committee outside a meeting of the Audit Committee ("decision per rollam"). A draft of the resolution shall be submitted to the members of the Audit Committee by the Chairman or if he is long-term absent by Vice-Chairman of the Audit Committee together with a deadline, by which they should deliver their written statements to the address of the registered office of the Company. If any member of the Audit Committee fails to give his/her statement by the term above, he/she shall be deemed to have disapproved the proposed resolution. The Chairman, or if he is long-term absent, the Vice-Chairman of the Audit Committee shall subsequently disclose the results of the voting to the individual members of the Audit Committee. The majority shall be counted with reference to the aggregate number of votes of all the members of the Audit Committee. Cable, telex and fax statements and emails, following their written confirmation provided without undue delay, shall also be considered a written form for the purposes of this Clause. The minutes from the first meeting of the Audit Committee following per rollam decision shall include also the resolutions passed by the members of the Audit Committee per rollam.*
- 5. Minutes shall be taken at the meeting of the Audit Committee and its decisions. The minutes shall be signed by all members of the Audit Committee present at the meeting.*

6. *The Audit Committee decides by a simple majority of votes of all its members. The Audit Committee shall constitute quorum if its meeting is attended by a simple majority of all its members. Each Audit Committee member has one vote.*
7. *The expenses associated with the activities of the Audit Committee shall be borne by the Company. Details pertinent to the activities of the Audit Committee shall be regulated by the rules of procedure of the Audit Committee to be approved by the General Meeting of the Company.*

Current Articles from XXIII to XXXII in the part VI, VII and VIII of the ZSE's Articles of Association are renumbered as Articles XXV up to XXXIV.

➤ **The proposed change of the ZSE's Articles of Association as follows:**

- *in whole wording of the ZSE's Articles of Association the definition "ZSE distribúcia" shall be replaced by the definition "Západoslovenská distribučná" and in Article XXXIII of the ZSE's Articles of Association the definition "ZSE distribúcia" shall be replaced by the new definition as follows:
"Západoslovenská distribučná shall mean Západoslovenská distribučná, a.s., a joint-stock company, incorporated and existing under the laws of the Slovak Republic, with its seat at Čulenova 6, 816 47 Bratislava, BIN: 36 361 518, registered with the Commercial Registry of the District Court Bratislava I, Section: Sa, Insert No: 3879/B established as a wholly-owned Subsidiary of the Company, the core business activity of which is the electricity distribution."*
- *in Article XXXIII of the ZSE's Articles of Association the definition "E.ON Energie AG" shall be replaced by the new definition as follows:
„E.ON Energie AG means E.ON Energie AG, a joint-stock company established and existing under the laws of Germany, with its seat at Arnulfstrasse 203, 806 34 Munich, Germany, registered with the Commercial Registry of the Municipal Court in Munich, HRB 132000."*