

# **ARTICLES OF ASSOCIATION**

**of**

**Vattenfall GmbH**

(Courtesy translation)

## **§ 1**

### **Company name, Registered Offices**

1. The name of the company is

**Vattenfall GmbH.**

2. It has its registered offices in Berlin.

## **§ 2**

### **Object of the Company**

1. The Company is a Holding which operates in all areas of energy supply. The object of the Company is in particular the:
  - (1) generation, procurement, transmission, trade and retailing of energy of all types, especially electrical energy, gas, heating supply and steam;
  - (2) construction and operation of power lines and facilities for the transport and distribution of energy, gas, heating supply and steam;
  - (3) recycling and disposal of industrial residues and waste;
  - (4) provision of data processing and telecommunication services including the establishment and operation of corresponding facilities, especially a network;
  - (5) discovery, extraction, processing and refining of raw materials, in particular, of lignite;
  - (6) construction and operation of water extraction and preparation plants in addition to the procurement and distribution of drinking water and industrial water.
2. The Company is entitled to pursue all business and carry out all measures which appear to serve its object. It may establish branches or subsidiaries abroad or participate in other utilities. The Company is entitled to transfer or relinquish its business fully or partially to other companies, to conclude company agreements and enter into co-operations.

### **§ 3**

#### **Business year; Duration of the Company**

1. The business year is the calendar year.
2. The Company is founded for an indefinite period.

### **§ 4**

#### **Share capital; Shares**

The share capital of the Company amounts to 500.000.000 Euro. It is divided into 500.000.000 shares.

### **§ 5**

#### **Management Board**

1. The management board shall comprise a minimum of two members who shall be appointed and removed by the supervisory board. The exact number is to be determined by the supervisory board.
2. The supervisory board may appoint a chairman and a vice-chairman of the management board.

### **§ 6**

#### **Representation**

The Company is to be represented legally by two members of the management board or by a member of the management board together with a "Prokurist" (company officer with registered signing authority). Prokura is only granted jointly. The Supervisory Board can, on a general basis or for a particular case, free all or individual members of the Management Board from the prohibition to represent more than one party pursuant to Sec. 181 alt. 2 BGB; this can also cover the approval of past transactions carried out in the name of company; Sec. 112 AktG remains unaffected.

## **§ 7**

### **Number and Composition of the Supervisory Board Members; Term of Office**

1. The supervisory board consists of twenty members, of which, ten members are to be elected by the shareholders' meeting and ten are to be elected by the employees, pursuant to the Co-determination Act 1976.
2. The members of the supervisory board are selected for the period up until the closing of the shareholders' meeting which resolves upon approval of the actions of the supervisory board for the fourth business year following commencement of the term in office. The business year in which the term begins shall not be included. The shareholders' meeting may determine a shorter term in office for the members of the supervisory board at the time of voting.
3. Re-election is permissible.
4. Up to ten substitutes may be selected for the supervisory board members elected by the shareholders' meeting. These substitutes shall, in an order determined at the time of election, replace a member who terminates his/her period in office prematurely. The term in office of such substitute shall finish on expiry of the term in office corresponding to that of the departing member. The election of substitute employee representatives on the supervisory board is governed by the provisions of the Co-Determination Act. Should a member of the supervisory board elected by the shareholders' meeting depart prematurely and no substitute member has been elected, measures to complete the supervisory board are to be taken without delay.
5. Each member of the supervisory board may resign from office by way of written declaration addressed to the chairman of the supervisory board or management board observing a four-week notice period.

## **§ 8**

### **Chairman of the Supervisory Board, Vice-Chairman**

1. Following the shareholders' meeting in which the representatives of the shareholders were elected to the supervisory board, the supervisory board shall in a meeting called without special invitation elect from amongst its members a

chairman and vice-chairman for their period of office as supervisory board members and shall, in such meeting, form the committee pursuant to § 27 (3) Co-Determination Act. The vice-chairman shall have the rights and duties of the chairman only if he should be indisposed. The vice-chairman is not entitled to a casting vote at any time.

2. Should the chairman or the vice-chairman depart from office, the supervisory board shall elect a replacement without delay for the remainder of the term.
3. Declarations of intent made by the supervisory board or its committee are to be submitted in the name of the chairman or, in his absence, that of the vice-chairman.

## **§ 9**

### **Internal Procedure of the Supervisory Board, Voting**

1. The supervisory board shall be convened by the chairman, or in cases of his indisposition, by the vice-chairman observing a notice period of two weeks. Details of the venue, time and agenda of the meeting are to be given. The meeting is to be called in writing, by telegram or in electronic form (§ 126a BGB - German Civil Code). The notice period commences as of the date upon which the invitation is posted. Meetings are to be held a minimum of twice every half year of the calendar.
2. In urgent cases, supervisory board meetings may be called without observation of the notice period stipulated in subsection 1.
3. The supervisory board is quorate when all members duly called and a minimum of 10 members participate or are represented in the voting. Absent members of the supervisory board may be represented by other members via proxy or may participate in the adoption of resolution through postal voting.
4. The chairman may postpone the voting on individual or all items on the agenda for a maximum period of one month if unequal numbers of shareholders' representatives and employees representatives were to participate, or if another material ground for the postponement of the voting were to exist. The chairman is not authorised to extend postponement.

5. The chairman or in cases of his indisposition, the vice-chairman determines the course of the proceedings, the order in which the items on the agenda are to be dealt with, the order, nature and form of the voting and determines the result of voting. If need should arise, he may consult experts with regard to individual items on the agenda. Adequate minutes are to be kept pursuant to § 107 (2) AktG (Stock Corporation Act) detailing the action and resolutions of the supervisory board, which are to be signed by the chairman.
6. The members of the supervisory board are entitled to submit to the chairman written propositions for the amendment or supplementation of the agenda, in addition to requests with regard to voting on the individual points of the agenda up to a minimum of one week prior to the date upon which the meeting is scheduled. Grounds for such requests are to be given. The chairman is to inform in writing the other supervisory board members with respect to founded requests which have been made within the prescribed period. Those requests which are not made in due time, or for which the grounds are not provided in due time, are to be dealt with in the next supervisory board meeting unless no member objects to addressing such items in the current meeting.
7. Resolutions of the supervisory board are adopted by simple majority insofar as other provisions are not given under the law, in particular §§ 27, 29, 31 and 32 of the Co-determination Act 1976. In the event of a tie, the chairman has the casting vote in the second round of voting.
8. The Supervisory Board normally resolves in meetings or may, if needed, resolve outside of meetings by way of writing, telefax or e-mail. It is also possible to resolve by way of a combination of votes cast in a meeting and votes cast outside a meeting. In these cases the Chairman immediately determines the result of the vote in writing and sends it to the other members of the Supervisory Board within two weeks following its determination.

## **§ 10**

### **Duties and Rights of the Supervisory Board, Committees**

1. The rights and responsibilities of the supervisory board shall be governed by the relevant statutory regulations stipulated in § 25 Codetermination Act in connection with relevant provisions of German Act on Corporations, in particular

§§ 111, 112 and 117 Act on Corporations. § 90 paragraph 1, paragraph 2 and paragraph 5, sentence 3 German Stock Corporation Act are applicable correspondingly.

2. By way of the conditions included under the rules of internal procedure for the management board, or through resolution, the supervisory board may, in individual cases, determine which nature of business requires its approval.
3. The supervisory board is authorised to amend the statutes only to the extent that this affects the wording.
4. In as far as is legally permissible, the supervisory board may form committees from amongst its members and regulate their duties and authority.

## **§ 11**

### **Remuneration of Supervisory Board Members**

1. The supervisory board members shall receive annual remuneration for their activities. For each member this shall consist of a fixed sum amounting to Euro 25.000,00. The chairman shall receive double, the vice-chairman and each member of a committee one and a half times the remuneration.
2. Further to this, the supervisory board members shall be reimbursed for their expenses. This includes the VAT chargeable on the remuneration and reimbursement of expenses.

## **§ 12**

### **Convening and Course of Shareholders' Meeting**

1. The shareholders' meeting shall take place at the registered offices of the Company.
2. The shareholders' meeting is convened by the management board and in those cases provided for by law, the supervisory board.
3. The official rules and regulations shall apply to the form and time of convening the general meeting.

**§ 13****Participation in shareholders' meetings**

The shareholders are entitled to taking part in the shareholders' meeting and to exercise the voting rights.

**§ 14****Chair**

1. The Chairman of the shareholders' meeting shall be elected by the shareholders meeting.
2. The Chairman of the General Meeting shall appoint in particular the order of the proceedings, as well as the manner, form and order of voting.

**§ 15****Adoption of Resolutions**

1. Each shareholder may be represented by a proxy appointed in writing.
2. Each share entitles one vote at the shareholders' meeting.
3. Resolutions are adopted by the shareholders' meeting on attainment of a simple majority of the votes cast unless otherwise provided for by law or in the statutes.
4. If a simple majority is not attained in the first round of voting, a second ballot shall take place amongst those individuals to whom the two highest number of votes have accrued.

**§ 16****Annual Financial Statements and Appropriation of Profits**

1. The directors shall submit the financial statements and management report immediately upon preparation to the shareholders for the purpose of determining the annual financial statements. If the financial statements are to be audited by

an auditor, the directors shall submit the financial statements together with the management report and the audit report of the auditor immediately upon receipt of the audit report. If the company has a supervisory board, the latter's report on the results of his examination is also to be submitted immediately.

2. The shareholders have to decide by the end of the first eight months of the fiscal year on the determination of the annual financial statements and the appropriation of the net result.
3. The annual shareholders' meeting to be held within the statutory time-limit of eight months for the purpose of receipt of the adopted financial statements, shall also vote on the approval of the management board and supervisory board's actions and the appointment of the auditor (ordinary shareholders' meeting).

## **§ 17**

### **Announcements**

Announcements are to be made exclusively in the Electronic Federal Gazette, unless other organs mandatory are provided for by law.

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