

ARTICLES OF ASSOCIATION

Adopted by the Constituent Assembly held in the city of Sofia on 31.08.2006, as amended by virtue of a decision of the General Assembly of the Association of Traders of Electricity in Bulgaria dated 01.10.2008.

I. GENERAL PROVISIONS

Status

Article 1

(1) The Association of Traders of Electricity in Bulgaria (ATEB), hereinafter referred to in these Articles of Association as the "Association", is a legal entity established and incorporated under the provisions of the Non-Profit Legal Entities Act, the Articles of Association and the decision of the Constituent Assembly.

(2) The Association is defined as an organization to implement activities for private benefit.

(3) The Association shall be responsible for the obligations of its property.

(4) The members shall not be personally responsible for the obligations of the Association.

(5) The members shall be responsible to make due contributions.

Name

Article 2

(1) The name of the organization shall be "Association of Traders of Electricity in Bulgaria".

(2) The name along with an indication of the seat, the address and BULSTAT number and the details of its registration are indicated in the correspondence of the Association.

(3) The Association may open branches in the country and abroad, subject to the Bulgarian legislation and regulations, respectively the local law.

(4) The name of the branches of the Association shall be formed by adding to the name of the Association the word "branch" and the whereabouts of the headquarters of the branch.

Seat of management and headquarters

Article 3 (amended by virtue of a decision adopted by the General Assembly of the Association of Traders of Electricity in Bulgaria (ATEB) on 01.10.2008)

The headquarters and the address of the Association shall be: Republic of Bulgaria, city of Sofia, Sofia municipality, region of Sredets, 7, Sheinovo Street, floor 3.

Term

Article 4

The Association shall not be limited by time or other condition of cessation.

Determination of the business activity

Article 5

As an organization operating for private benefit the Association shall provide the following activities:

1. To provide protection of the rights and the interests of traders of electricity in Bulgaria;
2. To carry out research and analysis, deliver advice and training in the field of trade in electricity, and other areas of interest to the development of the electricity market;
3. To support the exchange of information;
4. To represent and to defend the economic interests of members of the Association.

Article 6

In its business the Association shall be governed by the laws of the Republic of Bulgaria and the provisions of these Articles of Association, and the agreements agreed upon with third parties.

Article 7

(1) In its activities the Association shall not pursue any political goals and can not be linked to political parties and organizations.

(2) The Members may not use the Association in the interest of political parties or organizations.

Key objectives of the Association

Article 8

The main objectives of the Association shall be:

1. To create and establish modern economic relations in the energy sector;
2. To improve the market infrastructure, the principles and the mechanisms under these Articles of Association governing the social relations in the electricity and energy sector;
3. To represent and protect the rights and interests of its members in front of any government, public and international bodies and organizations;
4. To assist its members in carrying out their commercial activities related to the sale of electricity;
5. To support effective and transparent, fair competition and fair business in the electricity and energy sector;

Means to achieve the objectives of the Association

Article 9

The means by which the Association will achieve its objectives shall be the following:

1. Developing strategies to improve conditions for conducting business in Bulgaria in the electricity and energy sector;
2. Preparation of opinions and proposals for amending existing legislation in the field of electrical engineering;
3. Participation in the advisory councils established with state bodies;
4. Research and analysis of problems in the industry;
5. Organizing various forums (conferences, etc.) and educational activities in the field of trade in electricity for employees of its members;
6. Study of and harmonization with the European social and economic standards and the best practices in the electricity and energy sector;
7. Assistance for the development of the market for trading electricity and professional development of Bulgarian electricity traders;
8. Assistance in the field of:
 - 8.1. Establishing, strengthening and expanding the economic connections and establishing new connections and entering new markets at home and abroad;
 - 8.2. Creating favorable conditions for investment and business activity;
 - 8.3. Distribution, introduction and implementation among its members on good economic and management practices established in European Union (EU) and the leading economies in the world;
 - 8.4. Effective participation of its members in the specialized programs of the European Union (EU);

II. MEMBERSHIP

Rights and obligations of the members

Article 10

(1) Membership in the Association shall be on a voluntary basis.

(2) Member of the Association may be a legal person holding a license to trade in electricity, which shares its objectives, adopts the means to achieve them and implements the Articles of

Association.

(3) (repealed by virtue of decision of the General Assembly of the Association of Traders of Electricity in Bulgaria (ATEB) dated 01.10.2008)

(4) Members of the Association maintain its legal and economic autonomy.

Article 11

Each member of the Association shall be entitled:

1. To participate in the activities of the Association and the work of the General Assembly;
2. To be elected in its governing bodies;
3. To put forward to the Association issues concerning its activities for consideration and assistance;
4. To supervise the work of the Association and the management bodies;
5. To be informed about the activities of the Association and those conducted by its Management Board;
6. To benefit from the results of its activities;
7. To seek its help for protection of its interests.

Article 12

(1) Each member of the Association shall:

1. Contribute its membership fee, according to the rules as set by the Association;
2. Respect the Articles of Association and implement the decisions of the bodies of the Association;
3. Assist in carrying out its activities and achieve its objectives;
4. Work to promote the public image of the Association;
5. Provide all and any information necessary to achieve its objectives and implement its tasks;
6. Make targeted contributions as laid down by the Management Board.

(2) Upon failure to meet the obligations under paragraph 1 the Management Board may make comments and warnings to exclude and also to exclude the member.

Article 13

(1) The rights and obligations shall be non-transferable and shall not pass on to other persons in the event of termination of a membership at the Association, except in case of succession.

(2) The rights shall be exercised by duly authorized legal representatives of legal entities, which are members of the Association. The exercise of membership rights may be granted also to another person by authorizing a proxy via a notary signature.

(3) The members of the Association shall be liable for the obligations of the Association up to the extent of their contributions.

Acquisition of membership

Article 14

(1) Entry of new members in the Association shall be based on a written application in which the candidate member shall agree to the Articles of Association and present the required papers, specifically requested by the Management Board of the Association.

(2) New members of the Association shall be adopted by the Management Board. Candidates shall make a written request to the Management Board, which shall consider it.

(3) Acceptance of the members shall be made via an open vote and simple majority.

(4) The decision of the Management Board shall be notified in writing to candidate members.

Termination of membership

Article 15

(1) Membership of the Association shall be terminated:

1. via a unilateral request submitted to the Association;

2. termination of the legal entity of a member of the Association;

3. in case that the legal entity, which is member of the Association, loses the status of trader of electricity;

4. upon dismissal;

5. Dropping of membership because of systematic failure to contribute membership fees and non-participation in the activities of the Association;

6. Termination of the Association.

(2) A decision to dismiss a member shall be taken by the Management Board of the Association in case of guilty behavior on the part of a representative of a member of the Association, making further membership incompatible.

(3) Member of the Association may be excluded in case of gross violation of their duties or systematic derogation of the reputation of the Association.

(4) Prior to the decision to exclude a member of the Association, the same shall be invited to give explanations that shall be put to discussion by the Management Board.

(5) A decision to exclude a member of the Association can be appealed in the manner prescribed by law for legal non-profit entities.

(6) Elimination of membership shall exist wherever there is systematic failure to contribute membership fees and non-participation in the activities of the Association. Elimination of membership shall be established by the Management Board on the grounds of documents and by virtue of a unanimous decision terminating the membership. The adopted decision shall be communicated to the representatives of the legal entity whose membership is terminated.

(7) Upon termination of membership the membership fee and any initial deposit shall be non-refundable.

Article 16

Title successors of a member of the Association, after its transformation, can become its members provided that they meet the requirements of these Articles of Association, while it shall communicate in writing their wish for adoption of the Articles of Association of the Association without the need of being adopted under the provisions of Article 14.

III. PROPERTY

Assets

Article 17

The assets of the Association shall consist of property contributions made by members thereof, donations, claims and other rights as provided for by these Articles of Association.

Sources of funds for the Association

Article 18

(1) All members of the Association shall be required to make material contributions in the form of annual membership fees and an introductory fee.

(2) The introductory fee shall be paid once at the amount of 200 (two hundred) leva.

(3) The introductory fee shall be paid within 10 (ten) days from the adoption of a legal entity as member of the Association, whereas the founders of the Association shall be due to pay it within 1 (one) month after the registration of the Association with Sofia City Court of Law.

(4) The membership fee shall be set at the amount of 500 (five hundred) leva per calendar year.

(5) The term for contribution of the membership fee shall be set on January 20 of the current calendar year thereof.

(6) The membership fee for the year of registration of the Association shall be submitted by the members in proportion of the annual membership fees to the above designated size due for the

period from the date of registration until the end of the calendar year within 1 (one) month of registration of the Association with Sofia City Court of Law.

(7) By virtue of decision of the General Assembly members of the Association can make targeted contributions to achieve a purpose specified under the Articles of Association or by virtue of decision of the Management Board.

(8) In its decision the Management Board shall define the purpose, the size and the manner of collection of contributions. The decision shall be taken by a majority of 2/3 members of the Management Board.

(9) The members of the Association can provide funds in the form of a loan.

(10) The amount and the terms of loans under paragraph 9 hereunder shall be determined by the Management Board of the Association.

(11) The Association can receive donations from individuals and legal entities.

(12) The Association shall not distribute profits.

Article 19

The Association shall keep its free cash in banks.

Article 20

(1) The Association shall make its costs by virtue of decision adopted by the General Assembly in accordance with the annual budget.

(2) The decision shall be taken with majority of 1/2 of votes among the attending members of the General Assembly.

Article 21

(1) All and any revenues of the Association, regardless of their nature and source, shall be included in property and serve it to achieve its objectives

(2) All and any revenues of the Association under the preceding paragraph may not be distributed as profit among the members of the Association.

IV. MANAGEMENT

Bodies of the Association

Article 22

The bodies of the Association shall be the General Assembly and the Management Board.

Members of the General Assembly

Article 23

The General Assembly shall involve all members of the Association.

(2) Members of the Association shall participate in the General Assembly through its legal representative or authorized person.

Representation

Article 24

(1) Members of the Association shall be represented in the General Assembly by duly authorized legitimate representatives or proxies.

(2) A proxy of legal entity may be expressly a person duly and expressly authorized for this purpose.

(3) Powers of attorney must be issued specifically to participate in the General Assembly of the Association and they may be issued for a limited or unlimited number of sessions of the meeting.

(4) Proxies shall not be entitled to the right of re-authorization on behalf of any third parties.

(5) A proxy can represent only one member of the General Assembly.

Competences of the General Assembly

Article 25

(1) The General Assembly shall:

1. Amend the Articles of Association of Association:

2. Elect and dismiss members of the Management Board and control its activities:

3. May replace the members of the Management Board before the deadline for which they are elected;

5. Decide to terminate the Association by appointing a receiver;

6. Approve the report on the Management Board;

7. Approve the budget of the Association;

8. Amend and repeal the decision of the Management Board, wherever the latter is contrary to law, the Articles of Association or other internal documents regulating the activities of the Association:

9. Adopt decisions as provided for in the Articles of Association or by law.

Organization of the General Assembly

Article 26

- (1) Ordinary General Assembly shall be held at least once a year.
- (2) An extraordinary General Assembly may be convened at any time by the Management Board.

Convention of the General Assembly

Article 27

- (1) The General Assembly shall be convened by the Management Board. It may be convened at the request of one third of the members of the Association within the location where the headquarters of the Association are.
- (2) If within 1 (one) month from the request for convening the General Assembly the Management Board fails to make a written invitation to convene a general meeting, the latter shall be convened by the court at the headquarters of the Association upon the written request of interested members or a person appointed by them for this purpose.
- (3) (as amended by virtue of a decision of the General Assembly of the Association of Traders of Electricity in Bulgaria (ATEB) dated 01.10.2008) The convention shall be made by invitation, published in a national daily printed newspaper.
- (4) The invitation shall contain: an agenda of the issues put forward for discussion, the date, the time and the place to hold the General Assembly and at whose initiative the meeting is convened.
- (5) The period from the publication of the notice until the opening of the General Assembly can not be less than 30 (thirty) days.
- (6) The Management Board shall be obliged to convene an extraordinary general meeting at the request of one third of the members of the Association within 1 (one) month from the receipt of the request. If an extraordinary general meeting is not convened within that term, the members may submit their request for convention to the court as per registration of the Association.

Right to information

Article 28

All and any written materials related to the agenda of the General Assembly shall be made available to members at the headquarters of the Association no later than the date of publication or communication of the call for convening the General Assembly. Upon request, they shall be presented to each member for free.

List of those attending

Article 29

- (1) At the General Assembly a list shall be drafted to include all attending legal representatives or proxies. Legal representatives or proxies shall certify their presence via signature and individual identification. The list shall be certified by the chairman and the secretary of the General Assembly.

(2) The list under the preceding paragraph shall include legal representatives or proxies, who have stated their presence until the first vote since the establishment of a quorum.

Quorum

Article 30

The General Assembly may meet provided that it is attended by representatives of members representing more than half of all members. In case of absence of a quorum the meeting shall be postponed for an hour and resumed at the same place and under the same agenda, regardless of the number of attending members.

Right to vote

Article 31

Each member of the Association shall be entitled to one vote.

Conflict of interests

Article 32

A representative of a member of the Association may not vote on matters relating to:

1. Undertaking action or omission to act to implement its responsibility with regard to the Association;
2. Solving the issues concerning him, his wife and relatives in a straight line - without restrictions by the lateral line - up to fourth grade or by marriage to second degree inclusive.
3. Legal entities where such a representative acts like a manager / executive or may impose or hinder the process of decision-making.

Majority

Article 33

(1) All and any decisions of the General Assembly shall be taken in the open vote by a simple majority of those attending regular members, unless the meeting decides to vote by secret ballot.

(2) All and any decisions under Article 25, paragraph 1, paragraph 4 and paragraph 5 shall be taken by majority of 2/3 of those attending regular members.

(3) All and any decisions as set forth under the preceding paragraph shall be taken by majority of 1/2 of the present legal representatives and proxies.

Decisions

Article 34

(1) The General Assembly can not adopt decisions concerning issues that were not published in the invitation.

(2) The decisions of the General Assembly shall take effect immediately, unless their effect is delayed or if by law shall they shall come into force after due entry into the relevant register.

Protocol

Article 35

(1) The meeting of the General Assembly shall be chaired by the Chairman of the Management Board and if he/she is absent – by a member of the Management Board as he may appoint.

(2) For the session minutes shall be kept. The minutes of the General Assembly shall be signed by the Chairman, the minutes' keeper and the votes' counter. The minutes shall be enclosed with a list of those attending and all and any documents relating to decisions adopted by the General Assembly.

(3) Each member attending the General Assembly shall have the right to request and to ensure the proper recording of decisions in the minutes.

Management Board

Article 36

(1) The Association shall be governed and represented by the Management Board.

(2) The Management Board shall be composed of 6 (six) members, who are members of the Association. Legal entities that are members of the Association may appoint as the members of the Management Board also persons who are not members of the Association.

(3) The members of the Management Board shall be elected by the General Assembly for a tenure of 5 (five) years.

(4) The first Management Board as appointed in the constituent protocol shall be elected for a tenure of 3 (three) years.

(5) Members of the Management Board shall be elected to be individuals who:

1. Have permanent residence in the country;
2. Have appropriate qualifications and experience;
3. Are not convicted of imprisonment for premeditated crime of general nature.

(6) For members of the Management Board it is not allowed to elect those:

1. Deprived of the right to hold managerial, reporting or material liability duties;
2. Members of the governing bodies of political parties and movements;
3. Members of the governing body of bankrupt entities;

4. Persons who are in marriage, relationship in a straight line or are brothers or sisters with a member of the Management Board;

(7) The members of the Management Board may be re-elected without limitations.

Rights and obligations of the Management Board

Article 37

The Management Board shall:

1. Represent the Association in relations with third parties by vesting representative power to individual members thereof.
2. Elect from its own composition Chairman of the Management Board, who will by right act also as Chairman of the General Assembly;
3. Ensure the implementation of resolutions adopted the General Assembly and report its activities to it;
4. Prepare and submit to the General Assembly a draft budget;
5. Prepare and submit to the General Assembly a report on the activities of the Association;
6. Adopt plans and programmes of activities of the Association and the rules of procedure:
7. Decide on the opening of branches and individuals to be appointed managers;
8. Determine the order and arrange for the activities of the Association and shall be fully responsible for it;
9. Accept donations made on behalf of the Association;
10. Manage the assets of the Association and decide to dispose of its financial resources in compliance with the requirements of the Articles of Association and by law;
11. Adopt guidelines for activities of the Association;
12. Decide to change the name and headquarters of the Association;
13. Adopt and exclude members of the Association;
14. Decide to participate in other organizations;
15. Decide on due rate and the size of the membership fee:
16. Decide on the allocation of assets remaining after satisfaction of creditors upon liquidation of the Association:

17. Decide on long-term cooperation vital for the Association or termination of such cooperation;

18. Determine the address of the Association.

19. Manage the property of the Association in compliance with the requirements as set forth under the Articles of Association.

20. Discuss and resolve any other issues except from these within the competences of the General Assembly.

21. Fulfill its obligations as set forth under the Articles of Association.

Article 38

(1) The members of the Management Board shall have the same rights and obligations, irrespective of the internal distribution of their functions.

(2) The members of the Management Board shall be required to perform their duties in the interest of the Association and keep the secrets of the Association, including after ceasing to be members of the Management Board.

Article 39

The Chairman of the Management Board shall:

1. Represent the Association in its relations with third parties others and carry out the functions entrusted to it by the Management Board;

2. Manage the current affairs of the Association;

3. Organize and implement the decisions adopted by the Management Board;

4. Organize the activities of the Association, conduct its operational management, provide for the management and the protection of its assets;

5. Organize the work of the Management Board and preside over its meetings;

6. Report to the Management Board immediately upon the occurrence of any material circumstances concerning the activities of the Association.

Meetings of the Management Board

Article 40

(1) The Management Board shall convene at regular meetings at least every three months.

(2) Any member of the Management Board may ask the Chairman to call a meeting to discuss individual issues. The Chairman shall convene the Management Board at an extraordinary meeting within 7 (seven) days after the date of the request. If the Management Board fails to be

convened by the Chairman within this term, it may be convened by any interested member of the Management Board.

(3) The meetings shall be chaired by the Chairman, and if he is absent – by a member of the Management Board as appointed thereby.

(4) For the session minutes shall be kept, which shall signed by all attending members of the Management Board.

Quorum and majority

Article 41

(1) Decisions can be adopted provided that more than half of the members of the Management Board are attending, in person or represented by another member of the Management Board. Either attending member may represent only one absent member.

(2) Decisions shall be taken via a simple majority of those attending, except as provided for under Article 37, item 8, 10, 16 and 19 of the Articles of Association, which shall be passed with a majority of the members of the Management Board.

(3) The Management Board may adopt decision *in absentia* as well provided that all members thereof are notified in writing of this way of voting and nobody has had objections. Attending shall be a person who has a bilateral telephone or other connection that guarantees the establishment of its identity and allows participation in the process of discussions and decision making. The vote of such attending member shall be certified in the minutes by the Chairman of the meeting.

Article 42

The Management Board shall be required to prepare regularly the reporting information as set forth under the Accounting Act regarding the Association in accordance with the principles of openness, reliability and timeliness.

Responsibility of members of the Management Board

Article 43

(1) The members of the Management Board shall bear joint responsibility for their actions, which harm the interests of the Association.

(2) Each and any member of the Council may be exempt from liability if it is found the same has no guilt about such harm.

Article 44

Decisions of the Management Board may be revoked and amended by the General Assembly at the request of any member of the Association. The request may be made within 1 (one) month after notifying the decision, but not later than one year from the day when the decision is adopted.

Article 45

With regard to disputes that may arise between the Association and members of the Management Board, it shall be represented by persons elected by the General Assembly.

Books of the Association

Article 46

(1) The minutes kept at the meetings of the General Assembly and the minutes from meetings of the Management Board shall reflect all and any held debates, made suggestions and applications, and adopted decisions. The minutes shall be cased in special books. Records shall be kept by the Chairman. Members of the Association and members of the Management Board may be acquainted with the contents of the minutes' books and receive copies or extracts of the minutes.

(2) The Association shall keep a book of its members to record the name, the headquarters, the address, the company file for court registration and BULSTAT code of members.

V. TERMINATION AND LIQUIDATION

Grounds for termination

Article 47

The Association shall be terminated:

1. by virtue of a decision adopted by the General Assembly;
2. upon the decision of Sofia City Court in the cases as provided by law.

Liquidation

Article 48

(1) Upon termination of the Association liquidation shall take place, except for the conversion of the Association.

(2) The liquidation shall be carried out by the receiver as appointed by the General Assembly.

(3) The assets remaining after the satisfaction of creditors shall be distributed to members according to the decision of the General Assembly.

(4) Persons who acquire property under the preceding paragraph shall be responsible for the obligations of the Association to the extent of the acquired assets.

VI. TRANSITIONAL AND FINAL PROVISIONS

Article 49

Changes in these Articles of Association may be made pursuant to its provisions and the Non-Profit Legal Entities Act.

Article 50

With regard to the interpretation or application of these Articles of Association the provisions of

the Bulgarian civil law and those of the Non-Profit Legal Entities Act shall apply.

Amendments to these Articles of Association are adopted by the General Assembly of the Association\, namely the Association of Traders of Electricity in Bulgaria (ATEB), held on 01.10.2008 in the city of Sofia, in the assurance of which they have laid down their signatures under these Articles of Association:

1. For Energy Partners AD: signature (ill)
(Rumyana Georgieva)
2. For EFT Bulgaria EAD: signature (ill)
(Alexander Vuzev)
3. For Enemona Utilities EAD: signature (ill)
(Blagoy Golubarev)
4. An Energy Market AD: signature (ill)
(Martin Tafrov)
5. For Trans Euroenergy: signature (ill)
(Yordan Yordanov)
6. For Vivid Power EAD:
(Georgi Pulev: signature (ill))
(Rumyana Georgieva: signature (ill))
7. For Arcadia Service Ltd.: signature (ill)
(Alexander Vuzev)
8. For Schtattkraft South East Europe EOOD: signature (ill)
(Plamen Popov)
9. For Business Energy AD: signature (ill)
(Alexander Yordanov)
10. For Euro Power AD: signature (ill)
(Ignat Tomanov)