

Information Memorandum



České dráhy, a.s.

Commercial Paper Programme

Dated 27 August 2015

General Information

*This Information Memorandum (the “**Information Memorandum**”) contains brief information provided by České dráhy, a.s. (the “**Company**”, “**Issuer**” or “**ČD**”) in connection with a commercial paper programme (the “**Programme**”), under which the Company may issue commercial paper denominated in CZK or EUR (the “**Notes**”). ČD appointed the brokers designated in Annex 1 hereto (the “**Brokers**”), to act as brokers and issuing and paying agents under the Programme.*

Prospective purchasers are advised to assess the relevance of the information contained in this Information Memorandum and any amendments hereto, and should rely on any inquiries as they deem necessary in purchasing any Notes. This Information Memorandum may not in any case be considered a recommendation by the Company or the Brokers to purchase the Notes.

No person has been authorized by the Company or the Brokers to give any information or make or amend any statements other than those contained in this Information Memorandum: To the extent that any other communication is made, such information or statements must not be relied upon as having been authorized by the Company or the Brokers.

*This Information Memorandum is intended for information purposes only, and does not, nor does it intend to, constitute or contain any offer or an invitation to any person to purchase the Notes, nor does it comprise an offering of securities pursuant to Act No. 256/2004 Coll., on Conducting Business on the Capital Markets, as amended (the “**Capital Markets Act**”).*

*The distribution of this Information Memorandum and the offer to sell the Notes may be restricted by law in certain jurisdictions. Persons into whose possession this Information Memorandum or any of the Notes come are required by the Company and the Brokers to inform themselves about and observe any such restrictions. In particular, such persons are requested to observe such restrictions as apply to the offer and sale of the Notes and the distribution of this Information Memorandum and other information related to the Notes as described in the “**Selling Restrictions**” chapter.*

*The Notes are not nor shall they be registered abroad, in particular, they are not nor shall they be registered within the meaning of the U.S. Securities Act of 1933, as amended (the “**U.S. Securities Act**”), and may only be offered or sold in accordance with the U.S. Securities Act. When offering and selling the Notes in other jurisdictions, all such restrictions applicable to offers and sales of securities in each such jurisdiction must be adhered to.*

Furthermore, in addition to what is contained in this Information Memorandum, neither the Company nor the Brokers make any statement or representation as to the manner in which to treat any payment or income under the Notes for the purposes of taxation. Each investor contemplating the purchase of any Notes issued under this Programme should consult their own advisor in this respect.

The Company has no intention of applying, now or in the future, to list the Notes on any regulated securities market.

*In this Information Memorandum, references to “**CZK**”, “**Kč**” or “**Czech crown**” are to the lawful currency of the Czech Republic or such other currency (in the respective exchange*

ratio), replacing CZK in the future, and references to “EUR” or “Euro” are the reference to the lawful currency of the EU member states which adopted a single currency under the Treaty establishing the European Community as amended by the Treaty on European Union (in the wording of any later amendments and modifications).

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TERM SHEET

The commercial paper - promissory notes (the “Notes”) of České dráhy, a.s., issued under the Programme, are to be offered to prospective investors through brokers (collectively the “Brokers” and each of them individually a “Broker”) named in this Information Memorandum in accordance with the following terms, subject to the terms of the individual Brokerage Agreements, which may provide for deviations from the below terms:

Issuer: České dráhy, a. s.

Brokers: The persons named in Annex 1 hereto.

Issuing and Paying Agent: Any Broker in its capacity as issuing and paying agent in respect of the Notes sold through such Broker.

Volume of the Programme: The Issuer acknowledges that the sum of the aggregate principal amounts of outstanding Notes issued under the Programme shall not at any time during the term of the Programme exceed the amount specified in Annex 1 hereto.

Repayment Obligations under the Notes:

The repayment of the Notes is backed by the existence of the Brokers’ Firm Subscription Commitments in the aggregate amount specified in Annex 1 hereto (whereas particular Brokers’ Firm Subscription Commitments shall be subject to individual brokerage agreements entered into by and between the Issuer and the respective Brokers). Such Firm Subscription Commitments make it possible for the Issuer, in accordance with the terms and conditions of this Information Memorandum, and Brokerage Agreement related to the Programme between the Company and the relevant Broker, to draw on funds, *inter alia*, in order to repay the Issuer’s obligations under the Notes when due. The Firm Subscription Commitments may be of limited duration, need not be available to the Issuer under certain conditions, and need not be sufficient to repay all of the Issuer’s obligations under the Notes.

Duration of Programme: One year, but may be extended (even repeatedly) by another year, unless the Issuer or the Broker serve a notice of termination to the other party in respect of the agreement between the Issuer and the respective Broker. Termination of one or several agreements between the Issuer and the Broker(s) is not prejudicial to other agreements between the Issuer and other Brokers or the continuation of the Programme provided that at least one Broker participates in the Programme. During the term of the Programme, any other person who enters with the Issuer into relevant agreements under the Programme may accede to the Programme, that person will be disclosed in an updated Annex 1 hereto.

Type and Form of Notes:	Promissory notes in certificated form.
Maturity of Notes:	The Notes shall be due and payable on such day as indicated on the face of each Note as the Maturity Date; the maximum maturity shall in all cases be 12 (twelve) months following the Issue Date.
Principal Amount:	The Principal Amount of the Notes shall be fixed by the Issuer immediately before their issuance, and shall always be denominated in CZK or EUR, with the Principal Amount denominated in CZK to be always in integral multiples of CZK 1,000,000 (one million), and the Principal Amount denominated in EUR to be always in integral multiples of EUR 10,000 (ten thousand).
Calculation of Yield:	The yield shall be determined by a discount from the Principal Amount indicated as a percentage p.a., to be calculated on an actual/360 day basis.
Status:	The Notes constitute direct, unsubordinated and unsecured obligations of the Issuer, which will rank <i>pari passu</i> without preference among themselves, as well as with any future direct, unsubordinated and unsecured obligations of the Issuer, except for such obligations as may be preferred by generally binding laws.
Taxation:	Pursuant to the applicable laws. If the Issuer, or, as the case may be, the Issuing and Paying Agent, is required to make any payment in connection with the Notes subject to withholding or deduction for or on account of any present or future taxes, duties or charges of any kind, the Issuer, or, as the case may be, the Issuing and Paying Agent, shall make such payment after such withholding or deduction has been made, and demonstrate to the Broker, upon its request, the amount so required to be withheld or deducted. Neither the Issuer nor the Issuing and Paying Agent shall be obliged to pay any additional amount to any Noteholder in respect of such withholding or deduction.
Delivery:	The Notes shall always be delivered against payment received by the Broker for the account of the Issuer. If so provided in any agreement between the Issuer and the relevant Broker, such Broker may charge a handling fee for each operation for the account of its clients, and offer its clients acceptance of the Notes into custody.
Repayment:	The principal amount of the Notes shall be due and payable on the Maturity Date as indicated on the face of the Notes or at any later date upon presentation of the Notes. Notes shall only be repaid upon presentation and delivery at the registered office of the Issuing and Paying Agent as indicated on the face of the Note opposite "payable by". Subsequently, the Issuing and

Paying Agent shall pay the Principal Amount to the account of the investor. If the Maturity Date is not a Business Day, the payment shall be made on the Business Day immediately following, and no default interest shall accrue and be payable. For this purpose, a “Business Day” is deemed to mean any day on which commercial banks in Prague are open for general business and on which transactions in CZK and EUR-denominated deposits are carried out on the Prague inter-bank market. This shall not be prejudicial to the statutory provisions regulating the prescription of rights under the Notes.

**Exclusive holder
and owner:**

For the purpose of receiving payments and for any other purpose, the Noteholder whose name is indicated on the Note as the name of the holder thereof shall be deemed to be its exclusive holder and owner.

Governing Law:

The Notes shall be governed by the laws of the Czech Republic.

Selling Restrictions:

Distribution of this Information Memorandum, offers to sell, and the sale of the Notes shall be subject to certain restrictions, some of which are specified in this Information Memorandum.

ISSUANCE OF NOTES UNDER THE PROGRAMME

Bidding Procedure

Unless otherwise set out in an agreement between a Broker and the Issuer, if at any time during the term of the Programme the Issuer expresses an interest in the issuance of the Notes, it shall inform the Brokers thereof and make it possible for them to buy the Notes and offer the same to third parties in accordance with the relevant agreements between the Issuer and the individual Brokers.

The bidding procedure shall take place in accordance with the Time Schedule for Issuance of Notes, as specified in the agreements between the Issuer and the individual Brokers, and the Issuer shall inform the Brokers, in a substantially identical manner, of all facts relevant to the bidding procedure in the course of such bidding procedure.

Evaluation of Bids

The Issuer shall evaluate the bids of individual Brokers for the purchase of the Notes (the “**Bids**”) at its sole discretion and accept the Bids of individual Brokers in accordance therewith.

SELLING RESTRICTIONS

The Notes have not been and will not be registered abroad; in particular, they have not been and will not be registered under the U.S. Securities Act, and may not be offered or sold otherwise than in accordance with the provisions of the U.S. Securities Act.

This Information Memorandum has not been and will not be approved by the Czech National Bank, and based on the fact that the Notes do not constitute an investment security, the offering thereof shall not be subject to the public offering provisions pursuant to Section 34 *et seq.* of the Capital Markets Act.

The distribution of this Information Memorandum and offering of the Notes may be restricted by law in certain jurisdictions. When distributing this Information Memorandum, offering and selling the Notes in other jurisdictions, all such restrictions applicable to the offer and the sale of securities in each jurisdiction must be adhered to.

TAXATION

All payments in respect of the Notes shall be made without withholding or deduction for, or on account of, any present or future taxes, duties or charges of any kind, unless the Company or the Issuing and Paying Agent is required by the applicable law to make any payment in respect of the Notes subject to any withholding or deduction for, or on account of, any present or future taxes, duties or charges of any kind. In that event, the Company or the Issuing and Paying Agent (as the case may be) shall make such payment after such withholding or deduction has been made, and shall pay to the relevant authorities the amount so required to be withheld or deducted. Neither the Company nor the Issuing and Paying Agent shall be obliged to pay any additional amount to the Noteholders in respect of any such withholding or deduction.

INFORMATION ON COMPANY

As regards the information related to the Company, all financial statements and other information related to the Company, together with any prospectuses of the Issuer are available on the Company's website www.cd.cz.

SELECTED DEFINITIONS

The terms and phrases specified below which are used herein shall have the following meanings:

“Issue Date”	The date on which each individual Note is issued, and as of which the Issue Price is credited to the clearing account of the Issuer’s bank, namely the clearing account of Komerční banka, a.s., at the clearing center of the Czech National Bank (for Notes denominated in CZK), or the relevant account (for Notes denominated in EUR), and the corresponding SWIFT message in the agreed format is delivered to the Issuer;
“Maturity Date”	The maturity date of the Note as indicated on the face of each Note;
“Notes”	Promissory notes issued under the Programme;
“Programme”	Programme for issuing of the Notes in the aggregate volume not exceeding the sum designated in <u>Annex 1</u> hereto;
“Principal Amount”	The amount specified on the face of the Note denominated in CZK or in EUR, which shall be paid by the Issuer for each Note as of the respective Maturity Date;
“Tranche”	Notes which are issued on the same Issue Date with the same Maturity Date;
“Yield to Maturity”	Yield to be paid by the Issuer on the Maturity Date expressed as a percentage calculated on an actual/360 day basis.
“U.S. Securities Act”	The United States Securities Act of 1933, as amended.

Issuer

České dráhy, a.s.
Nábřeží L. Svobody 1222
110 15 Prague 1
Czech Republic

Counsel to Issuer

White & Case
advokátní kancelář
Na Příkopě 8
110 00 Prague 1
Czech Republic

ANNEX 1

List of Brokers, Issuing and Paying Agents, and Participation in the Programme Volume

<i>Broker and Issuing and Paying Agent</i>	<i>Aggregate Participation of Brokers in the Programme Volume (in CZK)</i>
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Citibank Europe plc	
ING Bank N.V.	11,000,000,000
Komerční banka, a.s.	
Česká spořitelna, a.s.	
Československá obchodní banka, a.s.	
Deutsche Bank Aktiengesellschaft	

The sum of the aggregate principal amounts of outstanding Notes issued under the Programme shall not at any time during the term of the Programme exceed the sum of CZK 11,000,000,000 or its equivalent in EUR.