

(unofficial translation)

SPIN-OFF TERMS

OF

PUBLIC COMPANY
LIETUVOS ENERGIJA

24 September 2010
Vilnius

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1. TERMS AND DEFINITIONS

- 1.1. Capitalised terms in these Spin-Off Terms shall have the below indicated meanings, unless different meanings are accorded to them by the context:
- 1.1.1. **“LITGRID turtas AB”, “LITGRID Turtas”** or the **“New Company”** means a new company established under these Spin-Off Terms on the basis of the part of the Public Company LIETUVOS ENERGIJA, to which the part of the assets, rights and obligations of the Public Company LIETUVOS ENERGIJA is transferred and the intended name of which is LITGRID turtas AB. In these Spin-Off Terms, the terms the New Company, LITGRID turtas and LITGRID turtas AB shall have the same meanings.
- 1.1.2. **“Shareholder”** or **“Shareholders”** means shareholders of the Company, each of them individually or all of them jointly, accordingly.
- 1.1.3. **“Company Law”** means the 13 July 2000 Law of the Republic of Lithuania on Companies No VIII-1835 (the wording of the 22 December 2009 Law No XI-611).
- 1.1.4. **“Spin-Off Part”** means the part to be separated from AB Lietuvos energija at the time of the Spin-Off comprising the activity carried out by AB Lietuvos energija, directly and indirectly (through its subsidiaries), of the Transmission System Operator, electricity market operator and part of the Information Technologies and other electric energy activity relating to the activity carried out by the Transmission System Operator, as stipulated in the Spin-Off Terms, i.e. the part of the Company’s activity in the form of assets, rights, obligations and transactions which, from an organisational point of view, constitute an independent economic entity carrying out its activities and capable of functioning by its own means and basing on which, in accordance with the Spin-Off Terms, LITGRID turtas AB is being established. A precise description of the Spin-Off Part is presented in Section 9 of the Spin-Off Terms and the respective annexes to these Spin-Off Terms.
- 1.1.5. **“Spin-Off”** means the separation of the Spin-Off Part of AB Lietuvos energija, which continues its activity after the spin-off, indicated in these Spin-Off Terms and establishing of the New Company on the basis of the assets, rights and obligations attributed to this Spin-Off Part, carried out in accordance with the Spin-Off Terms.
- 1.1.6. **“Spin-Off Terms”** means these spin-off terms of the Company (including all annexes, supplementations of the Spin-Off Terms and other documents attached to these Spin-Off Terms).
- 1.1.7. **“Day of Execution of the Spin-Off Terms”** means the day on which, in compliance with the 18 June 2010 resolution of the Company’s extraordinary general meeting of shareholders (the Shareholders), the extract from which is attached to the Spin-Off Terms (Annex 6), the prepared draft Spin-Off Terms is approved by the Company’s Board.
- 1.1.8. **“Company”** or **“AB Lietuvos energija”** means the Public Company LIETUVOS ENERGIJA, legal entity code 220551550, VAT payer code LT205515515, registered office at Žvejų g. 14, Vilnius, Republic of Lithuania, which will carry out its activity until the end of the Spin-Off, as well as continue its activity after the Spin-Off, in view of the context of the Spin-Off Terms.
- 1.1.9. **“Decision on the Company Spin-Off”** means a decision of the Company’s general meeting of shareholders regarding the spin-off of the Company which approves the Spin-Off Terms, amends the articles of association of the Company, approves the articles of association of the New Company and settles other issues pertaining to the Spin-Off and settlement of which is necessary or expedient under the applicable legal acts of the Republic of Lithuania.
- 1.1.10. **“EP”** means UAB Energetikos pajėgos, legal entity code 136046431, VAT payer code LT360464314, registered office at T. Masiulio g. 16D, Kaunas, Republic of Lithuania,

100% of which are held by the Company as at the Day of Execution of the Spin-Off Terms, and which carries out activity relating to servicing the electricity network, including implementation of projects of construction, reconstruction and repair of energy and communication buildings, preparing energy development schemes and projects.

- 1.1.11. **“ETP”** means UAB ELEKTROS TINKLO PASLAUGOS, legal entity code 300072351, VAT payer code LT100001363914, registered office at Motorų g. 2, Vilnius, Republic of Lithuania, 100% of which are held by the Public Company Rytų skirstomieji tinklai (legal entity code 110870890, registered office at P. Lukšio g. 5B, Vilnius, Republic of Lithuania) as at the Day of Execution of the Spin-Off Terms, and which carries out activity relating to servicing the electricity network, including carrying out of works of maintenance, operation, repair of the electricity network and equipment, internal electricity installation.
- 1.1.12. **“Final Spin-Off Balance Sheets”** means spin-off balance sheets drawn up on the basis of the principles and rules set out in Annex 3 to the Spin-Off Terms which will record the final capital, assets, rights and obligations to be attributed to the Company and the New Company after the Spin-Off.
- 1.1.13. **“Information Technologies Activity”** means activity carried out by AB Lietuvos energija in the sphere of information technologies and telecommunications, one of its main spheres being organisation, maintenance and support of creation of applied systems for the energy system and which is meant for the internal needs of the Company and its subsidiaries (the **Corporate Information Technologies Activity** or **CIT Activity**), provision of services of data transmission, the internet, lease of technical areas and other services for external clients (the **Information Technologies Commercial Activity** or **ITC Activity**).
- 1.1.14. **“IT Commerce”** means UAB Data Logistics Centre, legal entity code 302541281 registered office at A. Juozapavičiaus g. 13, Vilnius, Republic of Lithuania, 100% of which are held by the Company as at the Day of Execution of the Spin-Off Terms, and which plans to carry out activity in the sphere of information technologies and telecommunications and provide services of data centres, data transmission, lease of the respective Fibre Lines and other telecommunication services to external clients.
- 1.1.15. **“Register of Legal Entities”** or **“RLE”** means the Register of Legal Entities of the Republic of Lithuania established on 12 November 2003 by Resolution No 1407 of the Government of the Republic of Lithuania “On the establishment of the Register of Legal Entities and approval of the Regulations of the Register of Legal Entities“ (Official Gazette Valstybės Žinios, 13.11.2003, No: 107, Publ. No: 4810).
- 1.1.16. **“LEL”** means the Public Company LIETUVOS ELEKTRINĖ, legal entity code 110870933, VAT payer code LT108709314, registered office at Elektrinės g. 21, Elektrėnai, Republic of Lithuania.
- 1.1.17. **“Remaining Part”** means the entirety of the assets, rights, obligations and transactions of the Company which is not transferred to the New Company, as indicated in Section 10 of the Spin-Off Terms, and under the Spin-Off Terms retained by the Company to be active after the Spin-Off.
- 1.1.18. **“LITGRID AB”** means LITGRID AB, legal entity code 302449655, VAT payer code LT100005013315, registered office at A. Juozapavičiaus g. 13, Vilnius, Republic of Lithuania, 100% of which are held by the Company as at the Day of Execution of the Spin-Off Terms, and which carries out activity of electricity transmission system operator and whose shares, as relating to the Spin-Off Part, shall be transferred to the New Company in compliance with these Spin-Off Terms.
- 1.1.19. **“Transfer-Acceptance Act”** means the transfer-acceptance act (irrespective of the name) for the Spin-Off Part executed by the Company which continues its activity after the Spin-Off and the New Company under these Spin-Off Terms on the basis of which the entire Spin-Off Part is transferred to the New Company. In case of execution of not one, but

several Spin-Off Part transfer-acceptance documents for the transfer of the Spin-Off Part, then the “**Transfer-Acceptance Act**” means the entirety of all such transfer-acceptance documents.

- 1.1.20. “**Transmission System Operator’s Activity**” or “**TSO Activity**” means (i) activity of management, operation, development, technical maintenance and repair of electricity transmission networks and connection lines with other electricity systems carried out by AB Lietuvos energija directly and indirectly (through its subsidiaries); (ii) as well as activity relating to performance of functions of national balancing, dispatcher control and systemic services provision; ensuring of reliability, integrity and compatibility of electricity system operation; and (iii) other activity relating to electricity transmission and ensuring reliable operation of the electricity system.
- 1.1.21. “**Assets of the Transmission System**” means high voltage electricity transmission networks functioning under inter-coordinated regime and their technological appurtenances, including transformer sub-stations, distribution units and connection lines and other assets directly relating to the Spin-Off Part, owned by the Company.
- 1.1.22. “**Spin-Off Balance Sheets as at 30 June 2010**” means the spin-off balance sheets drawn up on the basis of the 30 June 2010 balance sheet of the Company and the rules set out in Annex 1 to the Spin-Off Terms. The Spin-Off Balance Sheets as at 30 June 2010 shall be attached to the Spin-Off Terms as Annex 2.
- 1.1.23. “**Fibre Lines**” means the fibre lines owned by the Company which are (i) meant for transmission of dispatcher control and other information pertaining to the Transmission System Operator’s Activity within the electricity transmission network and which are relating to the Spin-Off Part and are separately enumerated in Annex 16 to the Spin-Off Terms as well as repeatedly indicated in Annex 10 to the Spin-Off Terms (**Fibre Lines 1**) and (ii) which may be used for provision of telecommunications or IT services and are non-relating to the Spin-Off Part (**Fibre Lines 2**).
- 1.1.24. “**TED**” means the Company’s unit, i.e. an electricity transmission network operation unit which discharges the functions of maintaining and servicing the electricity network.
- 1.1.25. “**TETAS**” means UAB TETAS, legal entity code 300513148, VAT payer code LT100002045610, registered office at Senamiesčio g. 102B, Panevėžys, Republic of Lithuania, 100% of which are held by the Public Company Rytų skirstomieji tinklai (legal entity code 110870890, registered office at P. Lukšio g. 5B, Vilnius, Republic of Lithuania) as at the Day of Execution of the Spin-Off Terms, and which carries out activity relating to servicing the electricity network, including carrying out of works of maintenance of electricity equipment, testing of electricity distribution units and other equipment.
- 1.1.26. “**TIC**” means UAB Technologijų ir inovacijų centras, legal entity code 302527488, registered office at Žvejų g. 14, Vilnius, Republic of Lithuania, 100% of which are held by the VAE as at the Day of Execution of the Spin-Off Terms, and which intends to carry out activity in the sphere of information technologies and telecommunications and service and provide services to the Company, the New Company, their subsidiaries, as well as other companies directly and/or indirectly controlled by VAE.
- 1.1.27. “**Property Management Company**” means UAB Kruonio investicijos, legal entity code 300634954, VAT payer code LT100003223011, registered office at Kruonio II k., Kaišiadorių raj., Republic of Lithuania, 100% of which are held by the Company as at the Day of Execution of the Spin-Off Terms, and which intends to carry out activity relating to management, use, disposal of the non-technological assets (mainly real property) owned by it and activity of recreation organisation.
- 1.1.28. “**VAE**” means UAB Visagino atominė elektrinė, legal entity code 301844044, VAT payer code LT100004278519, registered office at Žvejų g. 14, Vilnius, Republic of Lithuania, which is a shareholder of the Company holding 97.5% of the shares in the Company.

- 1.1.29. **“Companies to be Active”** means jointly the Company which will continue its activity after the Spin-Off and the New Company.
- 1.2. In the Spin-Off Terms words in the singular form may, depending on the context, comprise the plural form and vice versa. Similarly, words in the masculine gender may, depending on the context, comprise the feminine gender and vice versa. The names in the Spin-Off Terms are used only for convenience purposes and shall have no impact on the meaning or interpretation of the Spin-Off Terms. Each time when the words such as “includes”, “including” or words of the similar meaning are used in the Spin-Off Terms, it shall be deemed that they shall be followed by the words “not limiting to”.
- 1.3. A reference to a particular article, paragraph or item in the Spin-Off Terms shall mean a reference to that particular article, paragraph or item of these Spin-Off Terms, unless otherwise stipulated.
- 1.4. Dates of adoption of the laws referred to in the Spin-Off Terms, their numbers and references indicating them as laws of the Republic of Lithuania, shall be presented only when referring to such laws for the first time in the Spin-Off Terms. Further on, any reference in the Spin-Off Terms to the respective law shall contain only the name of such law.

2. INFORMATION ABOUT THE COMPANY PARTICIPATING IN THE SPIN-OFF AND COMPANIES TO BE ACTIVE AFTER THE SPIN-OFF

- 2.1. The Company shall be a public company which shall continue its activity after the Spin-Off and from which the Spin-Off Part shall be separated establishing a new company of the same legal form under the name LITGRID turtas AB on the basis of such Spin-Off Part, as stipulated in these Spin-Off Terms.
- 2.2. From the day of publication of execution of the Spin-Off Terms, the Company shall acquire the status of the company participating in the Spin-Off.
- 2.3. Information about the Company participating in the Spin-Off as at the Day of Execution of the Spin-Off Terms:
- name – Public Company LIETUVOS ENERGIJA;
 - legal form – public company;
 - registered office at Žvejų g. 14, Vilnius, Republic of Lithuania;
 - code – 220551550;
 - value added tax payer code – LT205515515;
 - register in which the data about the Company are accumulated and stored – Register of Legal Entities;
 - authorised capital – LTL 993 614 306 (nine hundred ninety three million six hundred fourteen thousand three hundred and six litas), divided into 993 614 306 (nine hundred ninety three million six hundred fourteen thousand three hundred and six) ordinary registered shares of LTL 1 (one litas) par value, issue (ISIN) code LT0000117681;
 - amount of the paid-up authorised capital – LTL 993 614 306 (nine hundred ninety three million six hundred fourteen thousand three hundred and six litas);
 - period of activity – unlimited;
 - all the regulated information published by AB Lietuvos energija, including the historical financial information for 2007, 2008 and 2009 and the interim financial information, may be accessed at the website of AB Lietuvos energija www.le.lt, the website of AB NASDAQ OMX Vilnius Stock Exchange www.nasdaqomxbaltic.com and the Central Storage Facility www.crib.lt.

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2.4. Information about the Company continuing its activity after the Spin-Off:

- name – Public Company LIETUVOS ENERGIJA;
- legal form – public company;
- registered office at Žvejų g. 14, Vilnius, Republic of Lithuania;
- code – 220551550;
- value added tax payer code – LT205515515;
- register in which the data about the Company are accumulated and stored – Register of Legal Entities;
- authorised capital – LTL 489 282 926 (four hundred eighty nine million two hundred eighty two thousand nine hundred twenty six litas), divided into 489 282 926 (four hundred eighty nine million two hundred eighty two thousand nine hundred twenty six) ordinary registered shares of LTL 1 (one litas) par value, issue (ISIN) code LT0000117681;
- amount of the paid-up authorised capital – LTL 489 282 926 (four hundred eighty nine million two hundred eighty two thousand nine hundred twenty six litas);
- period of activity – unlimited;
- all the regulated information published by AB Lietuvos energija, including the historical financial information for 2007, 2008 and 2009 and the interim financial information, may be accessed at the website of AB Lietuvos energija www.le.lt, the website of AB NASDAQ OMX Vilnius Stock Exchange www.nasdaqomxbaltic.com and the Central Storage Facility www.crib.lt.

2.5. Information about the New Company to be established after the Spin-Off:

- name – LITGRID turtas AB;
- legal form – public company;
- registered office at A. Juozapavičiaus g. 13, Vilnius, Republic of Lithuania;
- code – the code will be given under the procedure established by legal acts of the Republic of Lithuania after registration of the New Company in the Register of Legal Entities;
- register in which the data about the Company are accumulated and stored – Register of Legal Entities;
- authorised capital – LTL 504 331 380 (five hundred and four million three hundred thirty one thousand three hundred eighty litas), to be formed in accordance with the procedure established in the Spin-Off Terms;
- amount of the paid-up authorised capital – LTL 504 331 380 (five hundred and four million three hundred thirty one thousand three hundred eighty litas);
- period of activity – unlimited;
- share issue (ISIN) code will be given after registration of the share issue of the New Company in the Central Securities Depository.

2.6. There are no companies which will be wound up after the Spin-Off.

3. OBJECTIVES, PRINCIPLES AND LEGAL CONSEQUENCES OF THE SPIN-OFF

3.1. Objectives of this Spin-Off are as follows:

- 3.1.1. The aim to ensure the compliance of the activity model of the Lithuanian electricity sector with the national energy strategy, the requirements of the third legislative package for the European Union energy meant for liberalisation of electricity and gas markets, and create conditions for connection of the Lithuanian electricity system with the electricity networks of the continental Europe and ensure financing of the commenced strategic energy project.

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- 3.1.2. Creation of conditions for legal independence of the electricity transmission activity and its effective separation from other activities of the electricity sector, thus implementing one of the selected alternatives of separation of the electricity sector established by the third legislative package for the EU energy, i.e. ownership unbundling, ensuring effective separation of electricity transmission activity not only from electricity generation and supply, but also from distribution activities and their commercial interests, i.e. rearrange the vertically integrated energy companies operating in the electricity sector.
- 3.1.3. Creation of conditions for reliable and effective electricity transmission and stability of the energy system in Lithuania.
- 3.1.4. In view of the fact that generally four basic blocks of companies in the energy sector will be formed during the entire rearrangement of the electricity sector: transmission, generation, distribution and servicing, the intention is to create conditions for formation of transmission and generation units, including:
 - 3.1.4.1. The main objectives of formation of the transmission unit are: (i) to separate and purify the transmission activity; (ii) to comply with the requirements of the third legislative package for the EU energy; (iii) to form a strong company capable of connecting the Lithuanian electricity networks with the ECN (European Continental Network) network, beginning with the interconnections with Poland, Sweden; (iv) to implement measures which will assist in liberalisation of the electricity market;
 - 3.1.4.2. Objectives of formation of the generation unit: (i) to purify and concentrate the generation activity within the company group of AB Lietuvos energija – AB Lietuvos energija (these objectives *inter alia* can be attained by transferring LEL shares to AB Lietuvos energija); (ii) to rearrange and centralize production capacities required for ensuring the independence of the Lithuanian energy.
- 3.1.5. To separate, legally and functionally, the Spin-Off Part from AB Lietuvos energija and establish LITGRID turtas AB on the basis of the assets, rights and obligations attributed to it.
- 3.2. During the Spin-Off, all Spin-Off actions shall be performed in view of the principles of maximum efficiency, economy and expediency. Application of these principles shall be ensured irrespective of whether or not they are mentioned while considering specific Spin-Off actions stipulated in the Spin-Off Terms.
- 3.3. The principles indicated in item 3.2 of the Spin-Off Terms shall mean that all time-limits set forth in the Spin-Off Terms, the Civil Code of the Republic of Lithuania, the Company Law and other respective legal acts of the Republic of Lithuania for performing actions relating to the Spin-Off, shall be viewed as maximum time-limits and, accordingly, all such actions shall be performed as soon as possible, unless it would contradict the provisions of the legal acts of the Republic of Lithuania. All Spin-Off actions shall be performed within the time-limits set in the Spin-Off Terms, except for the cases when such time-limits may not be complied with because the Spin-Off process was stayed and/or the imperative rules of the legal acts prohibit performance of the actions within the time-limits set in the Spin-Off Terms.
- 3.4. Legal consequences of this Spin-Off – after the Spin-Off, AB Lietuvos energija will continue its activity, and LITGRID turtas AB will be established on the basis of the Spin-Off Part and will start its activity.

4. MODE OF EFFECTING THE SPIN-OFF AND LEGAL CONSEQUENCES OF THE SPIN-OFF

- 4.1. Mode of the Spin-Off:

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- 4.1.1. The Spin-Off shall be effected and these Spin-Off Terms have been prepared in compliance with the Civil Code of the Republic of Lithuania approved by the 18 July 2000 Law No VIII-1864 of the Republic of Lithuania, Company Law of the Republic of Lithuania and other legal acts of the Republic of Lithuania.
- 4.1.2. The Spin-Off shall be effected applying the spin-off mode stipulated in paragraph 1 of Article 71 of the Company Law – where a part of the Company which continues its activity shall be separated and a new company of the same legal form shall be established on the basis of the assets, rights and obligations attributed to this part, and, in compliance with the provisions of paragraph 2 of Article 71 of the Company Law, applying to the Spin-Off procedure *mutatis mutandis* the provisions of the Civil Code and Company Law of the Republic of Lithuania regulating the mode of reorganisation - division by the formation of a new company. The Spin-Off may be appealed against in court according to the procedure established by the legal acts of the Republic of Lithuania and in case of the grounds established in the legal acts of the Republic of Lithuania the Spin-Off may be recognised as invalid.
- 4.1.3. The Spin-Off matches the case stipulated in paragraph 2(5) of Article 41 of the 20 December 2001 Law No IX-675 of the Republic of Lithuania on Corporate Income Tax, as amended and supplemented, where “an entity, continuing its activity, transfers (hereinafter referred to as the “transferring entity”) one or more parts of its activity in the form of assets, rights and obligations which, from an organisational point of view, constitute an independent economic entity carrying out its activities and capable of functioning by its own means, (hereinafter referred to as a “part of activity”) to one or more new or existing entities (hereinafter referred to as the “receiving entities”), which results in a reduction of its authorised capital and members of the transferring entity, in exchange for the shares (interests, member shares) held in the transferring entity, receive pro rata shares (interests, member shares) issued by the receiving entities”.
- 4.1.4. Pursuant to item 4.1.3 of the Spin-Off Terms, during the Spin-Off a part is being separated from the Company in the form of assets, rights and obligations which, from an organisational point of view, constitute an independent economic entity carrying out its activities and capable of functioning by its own means, and it results in establishment of the New Company on the basis of such Spin-Off Part which after the Spin-Off will continue the activity transferred to it.
- 4.1.5. In view of item 4.1.3 of the Spin-Off Terms, the Spin-Off is subject to Article 42 of the Law of the Republic of Lithuania on Corporate Income Tax and the respective provisions of the 2 July 2002 Law of the Republic of Lithuania on Income Tax of Individuals (No IX-1007, as amended and supplemented) pursuant to which increase in the value of the assets upon receipt by the Company’s shareholders of the shares in the New Company under the Spin-Off Terms in exchange for the Company’s shares held, shall not be treated as income of the Company’s shareholders and the acquisition price of the New Company’s shares received by the Company’s shareholders by way of exchange shall be the acquisition price of the exchanged Company’s shares which existed before such exchange of the Company’s shares for the respective shares of the New Company; likewise, the increase in the value of the assets during the transfer by the Company of the Spin-Off Part shall not be treated as its income, and accordingly for the New Company receiving the Spin-Off Part into its ownership the acquisition price of such part shall be its acquisition price in the Company which existed before transfer of that part to the New Company.
- 4.2. Legal conditions of the Spin-Off:
- 4.2.1. The authorised capital of the Company is fully paid-up (the issue price of the shares of the last issue).
- 4.2.2. The Spin-Off Terms were prepared by the Company’s Board basing on the 18 June 2010 resolution of the Company’s extraordinary general meeting of shareholders (the Shareholders), the extract of which is attached to the Spin-Off Terms (Annex 6).

- 4.2.3. The Company has not been given the status of the company in liquidation.
- 4.2.4. The Spin-Off Terms shall be assessed by an audit company with which the Company shall sign an agreement.
- 4.2.5. The Company's Board shall prepare an exhaustive written report indicating therein the objectives of the Spin-Off, explaining the Spin-Off Terms, continuity of the activity and indicating the time-limits of the Spin-Off, legal and economic grounds of the Spin-Off Terms.

5. EFFECTING AND COMPLETION OF THE SPIN-OFF

- 5.1. Preparation of the Spin-Off Terms shall be announced by the Company publicly in accordance with the procedure established by the Company Law and other legal acts of the Republic of Lithuania.
- 5.2. The Spin-Off stipulated in the Spin-Off Terms shall be effected, if the Company's general meeting of shareholders adopts the Decision on the Company Spin-Off.
- 5.3. Upon adoption of the Decision on the Company Spin-Off, the general meeting of shareholders of the New Company (the shareholders of the New Company and the shareholders of the Company coincide until registration of the articles of association of the New Company in the Register of Legal Entities) shall elect members of the Board of the New Company and decide other issues relating to the Spin-Off or other issues attributed to the competence of the general meeting of shareholders, if it is necessary or expedient.
- 5.4. The Spin-Off shall be deemed completed upon registration of the articles of association of the Company amended with regard to the Spin-Off and registration of the New Company in the Register of Legal Entities.

6. RATIO OF EXCHANGING THE SHARES OF THE COMPANY PARTICIPATING IN THE SPIN-OFF FOR THE SHARES OF THE NEW COMPANY, ITS JUSTIFICATION. NUMBER OF SHARES OF THE COMPANIES TO BE ACTIVE AFTER THE SPIN-OFF BY CLASSES AND THEIR PAR VALUE. RULES ON DISTRIBUTION OF SHARES TO THE SHAREHOLDERS

- 6.1. As at the Day of Execution of the Spin-Off Terms, the Company's 100% (one hundred per cent) shares make up 993 614 306 (nine hundred ninety three million six hundred fourteen thousand three hundred and six) ordinary registered shares of LTL 1 (one litas) par value and the par value of all these shares amounts to LTL 993 614 306 (nine hundred ninety three million six hundred fourteen thousand three hundred and six litas). Notably, as at the Day of Execution of the Spin-Off Terms, the composition of the Company's assets and the amount of the authorised capital, which is equal to LTL 993 614 306 (nine hundred ninety three million six hundred fourteen thousand three hundred and six litas), are different from those which existed as at 30 June 2010 due to the below indicated reasons:
 - 6.1.1. On 21 July 2010, the Company's extraordinary general meeting of shareholders decided to increase the Company's authorised capital up to LTL 1 004 973 044 (one billion four million nine hundred seventy three thousand forty four litas) and issue 315 457 609 (three hundred fifteen million four hundred fifty seven thousand six hundred and nine) ordinary registered shares of LTL 1 (1 litas) par value each, granting all shareholders of the Company the priority right to acquire the newly issued shares. The issue price of one share was equal to LTL 2.07 (two litas and seven cents), while the total issue price of all shares in the Company was equal to LTL 652 997 250.63 (six hundred fifty two million nine hundred ninety seven thousand two hundred fifty litas and sixty three cents).

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- 6.1.2. The period of subscription of the newly issued shares was set from 18 August 2010 till 1 September 2010 (inclusively).
- 6.1.3. On 18 August 2010, VAE, exercising the priority right, signed the share subscription agreement regarding acquisition of 304 098 733 (three hundred and four million ninety eight thousand seven hundred thirty three) ordinary registered shares of the Company of LTL 1 (one litas) par value each, and the total issue price of which was equal to LTL 629 484 377.31 (six hundred twenty nine million four hundred eighty four thousand three hundred seventy seven litas thirty one cents). VAE paid up the subscribed shares of the Company on 18 August 2010 by non-monitory contributions which were transferred to the Company by paying up the newly subscribed shares of the Company and which were made up of the following assets:
- 6.1.3.1. 133 065 125 (one hundred thirty three million sixty five thousand one hundred twenty five) ordinary registered shares in LEL owned and possessed by VAE, which made up 91.27% of all LEL shares the market value of which was set by the independent property valuator in the 19 July 2010 certificate on setting the value of property No 10/07-694 and was equal to LTL 572 180 037.50 (five hundred seventy two million one hundred eighty thousand thirty seven litas and fifty cents).
- 6.1.3.2. The following assets owned and possessed by VAE: (i) 110/6 kV construction TP 110 kV distribution unit, located in Visaginas municipality, Sabatiškų vs., and (ii) 330/110 kV Ignalina distribution unit, located in Visaginas municipality, Drūkšių k. The market value of both distribution units mentioned above was set by the independent property valuator in the 19 July 2010 certificate on setting the value of property No 10-07-01-2638 and was equal to LTL 57 304 340 (fifty seven million three hundred and four thousand three hundred forty litas).
- 6.1.4. On 1 September 2010 (inclusively) the period of time set for subscription of the newly issued shares of the Company and on 2 September 2010 the period of time for payment of the newly issued shares of the Company, expired, within which 304 098 871 (three hundred and four million ninety eight thousand eight hundred seventy one) ordinary registered shares of the Company were subscribed for and paid up (apart the shares subscribed by VAE, additionally the share subscription agreement regarding acquisition of 138 (one hundred thirty eight) ordinary registered shares was signed) instead of 315 457 609 (three hundred fifteen million four hundred fifty seven thousand six hundred and nine) shares of the Company intended to be issued. The total par value of the subscribed shares is equal to LTL 304 098 871 (three hundred and four million ninety eight thousand eight hundred seventy one litas), the total issue price of the subscribed shares is LTL 629 484 662.97 (six hundred twenty nine million four hundred eighty four thousand six hundred sixty two litas ninety seven cents). Since during the time-limits for subscription of the shares not all newly issued shares of the Company were subscribed for, therefore, the Company's authorised capital was increased only by the amount of the par values of the subscribed for and paid up shares.
- 6.1.5. In view of the provisions in items 6.1.1-6.1.4 above, on 8 September 2010, the new amount of the Company's authorised capital equal to LTL 993 614 306 (nine hundred ninety three million six hundred fourteen thousand three hundred and six litas) was registered, i.e. the Company's authorised capital was increased from LTL 689 515 435 (six hundred eighty nine million five hundred fifteen thousand four hundred thirty five litas) up to LTL 993 614 306 (nine hundred ninety three million six hundred fourteen thousand three hundred and six litas), which was divided into 993 614 306 (nine hundred ninety three million six hundred fourteen thousand three hundred and six) ordinary registered shares of LTL 1 (one litas) par value each.
- 6.2. As at the Day of Execution of the Spin-Off Terms, the Company's shareholders own 100% of the Company's shares, of which: (a) VAE owns 968 799 566 (nine hundred sixty eight million seven hundred ninety nine thousand five hundred sixty six) ordinary registered

shares in the Company, which make up 97.5% of all shares in the Company, also taking into account (i) the increase of the Company's authorised capital during which VAE acquired part of the newly issued shares in the Company, as indicated above in items 6.1.1-6.1.4, and the fact that (ii) on 12 July 2010, VAE acquired from LEO LT, AB, (legal entity code 301844044, registered address Žvejų g. 14, Vilnius, Republic of Lithuania) 18 597 522 (eighteen million five hundred ninety seven thousand five hundred twenty two) ordinary registered shares in the Company, which made up about 2.70% of all shares in the Company, for the price equal to 6 months weighted average in the stock exchange (LTL 38 970 177); and (b) the minor Shareholders hold 24 814 740 (twenty four million eight hundred fourteen thousand seven hundred forty) ordinary registered shares in the Company, which make up about 2.5% of all shares in the Company.

- 6.3. The Spin-Off shall be effected so that the amount of the authorised capital and the number of the shares transferred to the LITGRID AB and retained by AB Lietuvos energija after the Spin-Off are directly proportionate to their shareholders' interests in the equity of the Shareholders of AB Lietuvos energija before the Spin-Off. Each existing Shareholder of AB Lietuvos energija shall retain the same ownership right to the part of business of AB Lietuvos energija both prior to and after the Spin-Off (within the amount of the ownership rights to the businesses of AB Lietuvos energija and LITGRID turtas AB to be active after the Spin-off), taking into account the rules of rounding-off and share distribution (which has no material impact on the shareholders' interests due to the insignificance of the rounding-off impact on the absolute amounts), as described below. In view of the above, there would be no material difference in effecting the Spin-off basing on the fair business values or book values. Upon additional evaluation of the changes in AB Lietuvos energija from 30 June 2010 till the Day of Execution of the Spin-Off Terms mentioned in items 6.1-6.2 of the Spin-Off Terms and the aspects pertaining to those changes in respect of the formation of the authorised capital of AB Lietuvos energija and formation of the authorised capital of LITGRID turtas AB mentioned in item 6.4.1 of the Spin-off Terms, the exchange ratio of the shares in AB Lietuvos energija is calculated as at the Day of Execution of the Spin-Off Terms basing on the book values of the shares and the net assets being separated, taking into account the corrections relating to the above changes mentioned in items 6.1-6.2 of the Spin-Off Terms (the calculation of the exchange ratio of the shares is indicated in Annex 1 to the Spin-Off Terms).
- 6.4. The Spin-Off shall be effected in compliance with the following conditions:
- 6.4.1. While transferring the Spin-Off Part to the New Company being established during the Spin-Off, taking into account the composition of the Spin-Off Part, as the entirety of the assets, rights and obligations, and the Remaining Part, the Company forms its authorised capital by annulling part of the ordinary registered shares in the Company and transferring part of the authorised capital of the Company to the New Company from which the authorised capital of the New Company is formed. While forming the Company's authorised capital and forming the New Company's authorised capital, the following was also taken into account (i) the assets constituting the distribution units mentioned in item 6.1.3.2 of the Spin-off Terms, which is related to the Spin-off Part and was transferred to the Company during the increase of its authorised capital, as described above, during the Spin-Off will be attributed to the New Company; while (ii) the LEL shares owned by the Company, which are not related to the Spin-Off Part, and the money received for 138 shares issued and subscribed for during the issue of the Company's shares, will be attributed to the Company during the Spin-Off.
- 6.4.2. In view of the Spin-Off Part under the 30 June 2010 balance sheet of the Company and taking into account the changes which took place in the Company from 30 June 2010 till the Day of Execution of the Spin-Off Terms mentioned in items 6.1-6.2 of the Spin-Off Terms as well as the aspects pertaining to those changes in respect of the formation of the Company's authorised capital and the formation of the New Company's authorised capital mentioned in item 6.4.1 of the Spin-off Terms, the Company's authorised capital shall be

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equal to LTL 489 282 926 (four hundred eighty nine million two hundred eighty two thousand nine hundred twenty six litas) due to annulling of 504 331 380 (five hundred and four million three hundred thirty one thousand three hundred eighty) ordinary registered shares of the Company. Accordingly, the authorised capital of the New Company shall be equal to LTL 504 331 380 (five hundred and four million three hundred thirty one thousand three hundred eighty litas).

- 6.5. The formed capital of the New Company and the equity of the shareholders are established basing on the book values of the assets and obligations of the Spin-Off Part in the 30 June 2010 balance sheet of the Company, as provided for in Annexes 1 and 2 of these Spin-Off Terms and taking into account the changes in the Company from 30 June 2010 till the Day of Execution of the Spin-off Terms, as well as the aspects pertaining to those changes in respect of the formation of the Company's authorised capital and formation of the New Company's authorised capital, as indicated in item 6.4.1 of the Spin-off Terms.
- 6.6. Due to the Spin-Off, upon formation of the authorised capital of the Company by annulling 504 331 380 (five hundred and four million three hundred thirty one thousand three hundred eighty) ordinary registered shares of the Company, the Company's Shareholders will be issued the shares of the New Company which will be distributed in proportion to the number of shares held by each Shareholder before the Spin-Off in the Company's authorised capital. The right to get the shares in the New Company will be vested in the persons who will be Shareholders of the Company at the end of the day on which the registrar of the Register of Legal Entities will register the newly established company LITGRID turtas AB.
- 6.7. The number of shares in AB Lietuvos energija attributable to the Shareholder of AB Lietuvos energija after the Spin-off of AB Lietuvos energija shall be calculated by multiplying the number of shares held by the Shareholder in AB Lietuvos energija by the coefficient 0.4924274167 and rounding off in the following procedure:
- 6.7.1. if the fractional part of the number of shares is equal to 0.5 or more, then the number of the shares granted by AB „Lietuvos energija“ after the Spin-Off shall be rounded up to the whole number;
- 6.7.2. if the fractional part of the number of shares is less than 0.5, then the number of the shares granted by AB Lietuvos energija after the Spin-Off shall be rounded down to the whole number (in such case the existing difference between the whole number and its fractional part shall not be compensated in money).
- 6.8. The Shareholders of AB Lietuvos energija who, under the rules on share exchange stipulated in item 6.7, after the rounding-off are attributed the number of shares in AB Lietuvos energija lesser than 1 (one), shall be granted 1 (one) share of AB Lietuvos energija.
- 6.9. After determining that the number of shares calculated to the Shareholders under items 6.7.1 and 6.7.2 of the Spin-Off Terms exceeds the authorised capital of AB Lietuvos energija formed after the Spin-Off, the number of shares to the Shareholder to who the biggest number of shares in AB Lietuvos energija after its Spin-Off will be calculated under items 6.7.1 and 6.7.2 of the Spin-Off Terms, shall be reduced by the number equal to the difference between the number of shares calculated to the Shareholders under items 6.7.1 and 6.7.2 of the Spin-Off Terms and the number of the authorised capital of AB Lietuvos energija formed after the Spin-Off.
- 6.10. After determining that the number of shares calculated to the Shareholders under items 6.7.1 and 6.7.2 of the Spin-Off Terms is less than the authorised capital of AB Lietuvos energija formed after the Spin-Off, the number of shares to the Shareholder to who the biggest number of shares in AB Lietuvos energija after its Spin-Off will be calculated under items 6.7.1 and 6.7.2 of the Spin-Off Terms, shall be increased by the number equal to the difference between the number of shares calculated to the Shareholders under items

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6.7.1 and 6.7.2 of the Spin-Off Terms and the number of the authorised capital of AB Lietuvos energija formed after the Spin-Off.

- 6.11. The number of shares in LITGRID turtas AB attributable to the shareholder of LITGRID turtas AB after the Spin-Off of AB Lietuvos energija shall be calculated by multiplying the number of shares in AB Lietuvos energija held by the Shareholder by the coefficient 0.5075725833 and rounding off in the following procedure:
- 6.11.1. if the fractional part of the number of shares is equal to 0.5 or more, then the number of the shares granted by LITGRID turtas AB after the Spin-Off shall be rounded up to the whole number;
- 6.11.2. if the fractional part of the number of shares is less than 0.5, then the number of the shares granted by LITGRID turtas AB after the Spin-off shall be rounded down to the whole number (in such case the existing difference between the whole number and its fractional part shall not be compensated in money).
- 6.12. Shareholders of LITGRID turtas AB who, under the rules on share exchange stipulated in item 6.11, after the rounding-off are attributed the number of shares in LITGRID turtas AB lesser than 1 (one), shall be granted 1 (one) share in LITGRID turtas AB.
- 6.13. After determining that the number of shares calculated to the Shareholders under items 6.11.1 and 6.11.2 of the Spin-Off Terms exceeds the authorised capital of LITGRID turtas AB, the number of shares to the Shareholder to who the biggest number of shares in LITGRID turtas AB will be calculated under items 6.11.1 and 6.11.2 of the Spin-Off Terms, shall be reduced by the number equal to the difference between the number of shares calculated to the Shareholders under items 6.11.1 and 6.11.2 of the Spin-Off Terms and the number of the authorised capital of LITGRID turtas AB.
- 6.14. After determining that the number of shares calculated to the Shareholders under items 6.11.1 and 6.11.2 of the Spin-Off Terms is less than the authorised capital of LITGRID turtas AB, the number of shares to the Shareholder to who the biggest number of shares in LITGRID turtas AB will be calculated under items 6.11.1 and 6.11.2 of the Spin-Off Terms, shall be increased by the number equal to the difference between the number of shares calculated to the Shareholders under items 6.11.1 and 6.11.2 of the Spin-Off Terms and the number of the authorised capital of LITGRID turtas AB.
- 6.15. At least for 5 (five) business days following the Company's general meeting of shareholders at which the Company's shareholders will consider the issue regarding approval of the Spin-Off and the Spin-Off Terms and other issues, AB Lietuvos energija shall not apply for suspending the trade in shares of AB Lietuvos energija in order for the Shareholders of AB Lietuvos energija to be able to assign at their own discretion the shares held by them in AB Lietuvos energija to other persons.
- 6.16. Prior to presentation of documents to the registrar of the Register of Legal Entities for the registration of the newly established company LITGRID turtas AB, an application shall be submitted for suspension of the trading in shares of AB Lietuvos energija in the additional trading list of AB NASDAQ OMX Vilnius stock exchange. It is intended to suspend the trading in shares of AB Lietuvos energija until the day on which the registrar of the Register of Legal Entities registers the newly established public company – LITGRID turtas AB and the Central Securities Depository of Lithuania makes the required entries in the securities accounts of AB Lietuvos energija and LITGRID turtas AB, unless it would be necessary to suspend the above trading for a longer period.
- 6.17. Authorised capitals, numbers and par values of shares of the companies to be active after the Spin-Off, shall be as follows:
- 6.17.1. 100% (one hundred per cent) of shares in the Company to be active after the Spin-Off shall be made up of 489 282 926 (four hundred eighty nine million two hundred eighty two thousand nine hundred twenty six) ordinary registered shares of LTL 1 (one litas) par value and the par value of all these shares and the authorised capital of the Company shall be

equal to LTL 489 282 926 (four hundred eighty nine million two hundred eighty two thousand nine hundred twenty six litas).

- 6.17.2. 100% (one hundred per cent) of shares in the New Company being established during the Spin-Off shall be made up of 504 331 380 (five hundred and four million three hundred thirty one thousand three hundred eighty) ordinary registered shares of LTL 1 (one litas) par value and the par value of all these shares and the authorised capital of the New Company shall be equal to LTL 504 331 380 (five hundred and four million three hundred thirty one thousand three hundred eighty litas).

7. PROCEDURE AND DEADLINES FOR ISSUE TO THE SHAREHOLDERS OF SHARES IN COMPANIES TO BE ACTIVE AFTER THE SPIN-OFF

- 7.1. Shares of each Company to be Active shall be non-certificated and after the Spin-Off, basing on the Spin-Off Terms, the respective managers of accounts of each Company to be Active shall make the respective entries certifying the loss of the Company's shares due to the formation of the authorised capital of the Company (by annulling the respective part of the ordinary registered shares of the Company) and the entries certifying the ownership right of the Shareholders of AB Lietuvos energija to the shares in the New Company, after the Central Securities Depository of Lithuania opens a securities account of the New Company and corrects the securities account of the Company.

- 7.2. An application shall be submitted to AB NASDAQ OMX Vilnius for inclusion of the shares of the New Company into trading in the market regulated by AB NASDAQ OMX Vilnius stock exchange until the completion of the Spin-Off or immediately following the completion of the Spin-Off. In order to avoid any doubts, the Company's Shareholders, as the future shareholders of the New Company, in confirmation of these Spin-Off Terms, confer all rights and powers upon the head or the Board of the New Company or other person authorised to act on behalf of the New Company to adopt the required decisions and submit applications for inclusion of shares of this company into trading in AB NASDAQ OMX Vilnius stock exchange under the procedure established by legal acts (including the right to adopt such decisions and submit such applications before the registration of the New Company in the Register of Legal Entities). No additional decision of shareholders of the New Company shall be required in respect of the inclusion of shares of this company into AB NASDAQ OMX Vilnius stock exchange.

8. MOMENT FROM WHICH SHAREHOLDERS OF THE COMPANY PARTICIPATING IN THE SPIN-OFF ARE GRANTED THE RIGHT TO PROFIT OF THE COMPANIES TO BE ACTIVE AFTER THE SPIN-OFF, AND ALL CONDITIONS RELATING TO GRANTING OF SUCH RIGHT

- 8.1. The Shareholders who will become shareholders of each Company to be Active shall be granted the right to profit of the respective Company to be Active conditioned by the equity, assets, rights and obligations existing within the composition of the Spin-Off Part and the Remaining Part from the moment of the registration of the amended articles of association of the Company and the registration of the New Company in the Register of Legal Entities, i.e. taking into account the provisions of the Company Law, the shareholders of the respective Company to be Active shall acquire the right to get the dividends declared by such respective Company to be Active.

9. PRINCIPLES OF SEPARATION OF THE COMPANY'S ASSETS, RIGHTS AND OBLIGATIONS

- 9.1. The current and non-current assets, rights and obligations attributable to the New Company relating to the Spin-Off Part as at 30 June 2010 are established on the basis of the principles of drawing up of the Spin-Off Balance Sheets as at 30 June 2010 attached in Annex 1 of the Spin-Off Terms and the Spin-Off Balance Sheets as at 30 June 2010 attached in Annex 2 of the Spin-Off Terms drawn up basing on the interim financial statements of the Company as at 30 June 2010 and the principles of drawing up the Spin-Off Balance Sheets as at 30 June 2010 attached in Annex 1 to the Spin-Off Terms.
- 9.2. During the Spin-Off, the Spin-Off Part shall be transferred to the New Company in compliance with the principles of drawing up of the Final Spin-Off Balance Sheets stipulated in Annex 3 to the Spin-Off Terms by transferring the entire assets owned or possessed by the Company under any other legal grounds relating to the Spin-Off Part, as well as all rights, obligations and transactions of the Company relating to the Spin-Off Part and/or the assets owned or possessed by the Company under any other legal grounds to be transferred to the New Company under the Spin-Off Terms, which are held by the Company as at the Day of Execution of the Spin-Off Terms or may acquire until the day of execution of the Transfer-Acceptance Act, i.e. the part of the Company in the form of assets, rights and obligations which, from an organisational point of view, constitute an independent economic entity carrying out its activities and capable of functioning by its own means basing on the below principles, unless otherwise stipulated in these Spin-Off Terms or the Decision on the Company Spin-Off (if it does not contradict the legal acts of the Republic of Lithuania), including, but not limiting to the below assets, rights and obligations:
- 9.2.1. The entire non-current and current assets of the Company relating to the Spin-Off Part which shall be specified in the Transfer-Acceptance Act shall be transferred to the New Company, in accordance with the principles of drawing up the Final Spin-Off Balance Sheets attached in Annex 3 to the Spin-Off Terms. Such as:
- 9.2.1.1. The entire stocks owned by the Company relating to the Spin-Off Part which are enumerated in Annex 9 to the Spin-Off Terms shall be transferred to the New Company. The assets defined in this item of the Spin-Off Terms shall be specified in the Transfer-Acceptance Act in compliance with the principles of drawing up of the Final Spin-Off Balance Sheets attached in Annex 3 to the Spin-Off Terms.
- 9.2.1.2. The Assets of the Transmission System relating to the Spin-Off Part which is enumerated in Annex 10 to the Spin-Off Terms (this will also include the Assets of the Transmission System subject to registration relating to the Spin-Off Part) shall be transferred to the New Company. In addition, the Assets of the Transmission System subject to registration relating to the Spin-Off Part which shall be transferred to the New Company and reflected in Annex 10 to the Spin-Off Terms, shall also be enumerated in Annex 11 to the Spin-Off Terms. The assets defined in this item of the Spin-Off Terms shall be specified in the Transfer-Acceptance Act in compliance with the principles of drawing up of the Final Spin-Off Balance Sheets stipulated in Annex 3 to the Spin-Off Terms.
- 9.2.1.3. All shares in LITGRID AB, engaged in the activities of electricity transmission system operator, owned by the Company shall be transferred to the New Company.
- 9.2.1.4. All shares in LitPol Link Sp.z.o.o (code 0000311446, registered office at Wojciecha Górskiego g. 900-033 Warsaw, Republic of Poland) owned by the Company shall be transferred to the New Company.
- 9.2.2. During the rearrangement of the electricity sector, a unit of service companies will also be formed. To this end, the Company intends to invest into ETP and TETAS a part of the

assets owned by the Company relating to the Spin-Off Part in exchange for the newly issued shares of ETP and TETAS. In view of the above, (i) the entire assets owned by the Company used in TED activities relating to the Spin-Off Part, cash in the amount of LTL 1 000 000 (unless otherwise resolved while adopting a decision regarding the increase of the the authorised capital of the respective company) and all EP shares, in compliance with the principles of drawing up of the Final Spin-Off Balance Sheets stipulated in Annex 3 to the Spin-Off Terms, or (ii) all TETAS shares and ETP shares owned by the Company, in compliance with the principles of drawing up of the Final Spin-Off Balance Sheets stipulated in Annex 3 to the Spin-Off Terms, shall be attributed and transferred to the New Company, in view of the below enumerated principles:

- 9.2.2.1. It is planned that, until the moment of signing the Transfer-Acceptance Act, the Company will become a participant in TETAS and transfer to TETAS (i) the assets used in TED activity owned by the Company relating to the Spin-Off Part, which is enumerated in Annex 12 to the Spin-Off Part and other assets relating to TED activity and acquired after 30 June 2010 in the course of ordinary activity; (ii) all EP shares owned by the Company; and (iii) cash in the amount of LTL 750 000 (unless otherwise resolved while adopting a decision regarding the increase of TETAS authorised capital), in compliance with the principles of drawing up of the Final Spin-Off Balance Sheets stipulated in Annex 3 to the Spin-Off Part. The Company shall contribute into TETAS authorised capital the above assets owned by the Company relating to the Spin-Off Part used in TED activities, EP shares and the cash. Thus, the Company will acquire the newly issued TETAS shares given in proportion to the above assets to be transferred to TETAS (including the cash and EP shares). Therefore, in view of the above:
- 9.2.2.1.1. if until the moment of signing of the Transfer-Acceptance Act, TETAS authorised capital is not increased and the Company does not acquire the newly issued TETAS shares, as defined above, then the Final Spin-Off Balance Sheet of the New Company shall provide for and at the time of signing the Transfer-Acceptance Act, the above mentioned assets used in TED activity owned by the Company relating to the Spin-Off Part, which is enumerated in Annex 12 to the Spin-Off Terms, and other assets relating to TED activity and acquired after 30 June 2010 in the course of ordinary activity as it will be specified in the Transfer-Acceptance Act, the cash and EP shares, shall be transferred to the New Company, in compliance with the principles of drawing up of the Final Spin-Off Balance Sheets provided in Annex 3 to the Spin-Off Terms; or
- 9.2.2.1.2. if until the moment of signing of the Transfer-Acceptance Act, TETAS authorised capital is increased and, accordingly, the Company acquires part of the newly issued shares in TETAS, as said above, then the Final Spin-Off Balance Sheet of the New Company shall provide for and at the time of signing the Transfer-Acceptance Act all TETAS shares owned by the Company shall be transferred to the New Company, in compliance with the principles of drawing up of the Final Spin-Off Balance Sheets provided in Annex 3 to the Spin-Off Terms.
- 9.2.2.2. It is planned that until the moment of signing the Transfer-Acceptance Act, the Company will become a participant in ETP and transfer to ETP (i) the assets used in TED activities owned by the Company relating to the Spin-Off Part, which is enumerated in Annex 13 of the Spin-Off Terms and other assets relating to TED activity and acquired after 30 June 2010 in the course of ordinary activity; and (ii) cash in the amount of LTL 250 000 (unless otherwise resolved while adopting a decision regarding the increase of ETP authorised capital), in compliance with the principles of drawing up of the Final Spin-Off Balance Sheets provided in Annex 3 to the Spin-Off Terms. The Company shall contribute into ETP authorised capital the above assets

owned by the Company relating to the Spin-Off Part used in TED activities and the cash. Thus, the Company shall acquire the newly issued ETP shares given in proportion to the above assets to be transferred to ETP (including the cash). Therefore, in view of the above:

9.2.2.2.1. if until the moment of signing of the Transfer-Acceptance Act, ETP authorised capital is not increased and the Company does not acquire the newly issued ETP shares, as defined above, then the Final Spin-Off Balance Sheet of the New Company shall provide for and at the time of signing the Transfer-Acceptance Act, the above mentioned assets used in TED activity owned by the Company relating to the Spin-Off Part, which is enumerated in Annex 13 to the Spin-Off Terms and other assets relating to TED activity and acquired after 30 June 2010 in the course of ordinary activity as it will be specified in the Transfer-Acceptance Act and the cash, shall be transferred to the New Company, in compliance with the principles of drawing up of the Final Spin-Off Balance Sheets provided in Annex 3 to the Spin-Off Terms; or

9.2.2.2.2. if until the moment of signing of the Transfer-Acceptance Act, ETP authorised capital is increased and, accordingly, the Company acquires part of the newly issued shares in ETP, as said above, then the Final Spin-Off Balance Sheet of the New Company shall provide for and at the time of signing the Transfer-Acceptance Act, all ETP shares owned by the Company shall be transferred to the New Company, in compliance with the principles of drawing up of the Final Spin-Off Balance Sheets provided in Annex 3 to the Spin-Off Terms.

9.2.3. During the rearrangement of the electricity sector, a unit of service companies will also be formed. To this end, the Company intends to invest into TIC a part of the assets owned by the Company relating in proportion to both the Remaining Part and the Spin-Off Part in exchange for the newly issued shares of TIC. In view of the above, either (i) the assets owned by the Company which is used in the Corporate Information Technologies (CIT) activities carried out by the Company relating in proportion to the Spin-Off Part, and certain amount of cash (calculated in compliance with the principles indicated below in item 9.2.3.1.1), in compliance with the principles of drawing up of the Final Spin-Off Balance Sheets stipulated in Annex 3 to the Spin-Off Terms, or (ii) the part of TIC shares owned by the Company, in compliance with the principles of drawing up of the Final Spin-Off Balance Sheets stipulated in Annex 3 to the Spin-Off Terms, shall be attributed and transferred to the New Company, in view of the below enumerated principles:

9.2.3.1. It is planned that, until the moment of signing the Transfer-Acceptance Act, the Company will become a participant in TIC and transfer to TIC the assets owned by the Company used in CIT activities relating in proportion to both the Spin-Off Part and the Remaining Part (which shall not be transferred to the New Company, as stipulated in Section 10 of the Spin-Off Terms), i.e. (i) 18 478 (eighteen thousand four hundred seventy eight) shares in the Property Management Company owned by the Company; (ii) all shares in InterLinks, UAB, owned by the Company; (iii) the cash in the amount of LTL 700 000 (unless otherwise resolved while adopting a decision regarding the increase of TIC authorised capital), and (iv) all assets owned by the Company used in CIT activities relating in proportion to both the Spin-Off Part and the Remaining Part, as enumerated in Annex 14 to these Spin-Off Terms and other assets relating to CIT activity and acquired after 30 June 2010 in the course of ordinary activity, in compliance with the principles of drawing up of the Final Spin-Off Balance Sheets stipulated in Annex 3 to the Spin-Off Terms. The Company shall contribute to TIC authorised capital all the above assets owned by the Company used in CIT activities, relating in proportion to both the Remaining Part and the Spin-Off Part, the shares of the above companies and cash. Thus, the Company shall acquire a certain part of newly

issued TIC shares in proportion to the entire assets above to be transferred (including the shares of the above companies and cash). Therefore, in view of the above:

- 9.2.3.1.1. if until the moment of signing of the Transfer-Acceptance Act, TIC authorised capital is not increased and, accordingly, the Company does not acquire the newly issued TIC shares, as defined above, then the Final Spin-Off Balance Sheet of the New Company shall provide for and at the time of signing the Transfer-Acceptance Act, (i) the assets owned by the Company used in CIT activities only for provision of services to the New Company (as relating to the Spin-Off Part), which is marked by the sign (NB) in Annex 14 of the Spin-Off Terms and other assets relating to CIT activity and acquired after 30 June 2010 in the course of ordinary activity, shall be transferred to the New Company; and (ii) cash in the amount equal to the difference between the product of the market value of the assets calculated in item 9.2.3.1.2 and the degree of use of the assets required for provision of services to the New Company, and the established market value of the assets under the mark (NB) mentioned in part (i) of this item 9.2.3.1.1, shall be attributed to the New Company, and which (i.e. the assets and cash) shall be specified in the Transfer-Acceptance Act, in compliance with the principles of drawing up of the Final Spin-Off Balance Sheets provided in Annex 3 to the Spin-Off Terms; or
- 9.2.3.1.2. if until the moment of signing of the Transfer-Acceptance Act, TIC authorised capital is increased and, accordingly, the Company acquires the newly issued shares in TIC, as said above, then the Final Spin-Off Balance Sheet of the New Company shall provide for and at the time of signing the Transfer-Acceptance Act, the part of TIC shares owned by the Company which shall be given to the Company in proportion to the assets owned by the Company transferred to TIC used in CIT activities, relating in proportion to the Spin-Off Part (the attributed proportions are indicated in Annex 14), as defined above, shall be transferred to the New Company, in compliance with the principles of drawing up of the Final Spin-Off Balance Sheets provided in Annex 3 to the Spin-Off Terms.
- 9.2.4. During the rearrangement of the electricity sector, a unit of service companies will also be formed. To this end, the Company intends to invest into the Property Management Company a part of the assets owned by the Company relating to both the Remaining Part and the Spin-Off Part in exchange for the newly issued shares of the Property Management Company. In view of the above, either (i) the cars and other vehicles used in the Transmission System Operator's Activities relating to the Spin-Off Part, in compliance with the principles of drawing up of the Final Spin-Off Balance Sheets provided in Annex 3 to the Spin-Off Terms, or (ii) the part of the shares of the Property Management Company owned by the Company, in compliance with the principles of drawing up of the Final Spin-Off Balance Sheets provided in Annex 3 to the Spin-Off Terms, shall be attributed and transferred to the New Company, in view of the following principles:
- 9.2.4.1. It is planned that, until the moment of signing the Transfer-Acceptance Act, the Company will invest and transfer to the Property Management Company the assets owned by the Company relating to both the Remaining Part (including the real property and property relating to it, used in the Company's corporate activities), which shall not be transferred to the New Company, as stipulated in Section 10 of the Spin-Off Terms, and the Spin-Off Part (i.e. the cars and other vehicles used in the Transmission System Operator's Activities), which is enumerated in Annex 15 to the Spin-Off Terms, in compliance with the principles of drawing up of the Final Spin-Off Balance Sheets provided in Annex 3 to the Spin-Off Terms. The Company shall contribute to the authorised capital of the Property Management Company the above mentioned assets owned by the Company relating to both the Remaining Part and the Spin-Off Part.

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Thus, the Company shall acquire a certain part of the newly issued shares in the Property Management Company in proportion to the above assets being transferred. Therefore, in view of the above:

- 9.2.4.1.1. if until the moment of signing of the Transfer-Acceptance Act, the authorised capital of the Property Management Company is not increased and, accordingly, the Company does not acquire the newly issued shares in the Property Management Company, as defined above, then the Final Spin-Off Balance Sheet of the New Company shall provide for and at the time of signing the Transfer-Acceptance Act, the above mentioned cars and other vehicles used in the Transmission System Operator's Activity relating to the Spin-Off Part, which are marked under (NB) (as relating to the Spin-Off Part) in the same Annex 15 to the Spin-Off Terms and which shall be specified in the Transfer-Acceptance Act, shall be transferred to the New Company, in compliance with the principles of drawing up of the Final Spin-Off Balance Sheets provided in Annex 3 to the Spin-Off Terms; or
- 9.2.4.1.2. if until the moment of signing of the Transfer-Acceptance Act, the authorised capital of the Property Management Group is increased and, accordingly, the Company acquires the newly issued shares in the Property Management Company, as said above, then the Final Spin-Off Balance Sheet of the New Company shall provide for and at the time of signing the Transfer-Acceptance Act, the part of the shares in the Property Management Company owned by the Company which shall be given to the Company in proportion to the assets transferred to the Property Management Company (the vehicles) relating to the Spin-Off Part, as described above, shall be transferred to the New Company, in compliance with the principles of drawing up of the Final Spin-Off Balance Sheets provided in Annex 3 to the Spin-Off Terms.
- 9.2.5. Fibre Lines 1 used in the Transmission System Operator's Activities relating to the Spin-Off Part, which are separately enumerated in Annex 16 to the Spin-Off Terms (Fibre Lines 1 are also repeatedly indicated in Annex 10 to the Spin-Off Terms), shall be transferred to the New Company. The assets defined in this item of the Spin-Off Terms shall be specified in the Transfer-Acceptance Act, in compliance with the principles of drawing up of the Final Spin-Off Balance Sheets provided in Annex 3 to the Spin-Off Terms.
- 9.2.6. All employees of the Company relating to the Spin-Off Part enumerated in Annex 17 to the Spin-Off Terms shall be transferred to the New Company. The New Company shall take over employment contracts of such employees and all employer's rights and obligations from the moment of the signing of the Transfer-Acceptance Act. The employment relations of the Company's employees transferred during the Spin-Off to the New Company shall not terminate, the employees' rights and obligations under their employment contracts shall remain, including their length of service. The list of employees to be transferred to the New Company as defined in this item of the Spin-Off Terms shall be specified in the Transfer-Acceptance Act.
- 9.2.7. Additionally, to the extent related to the activity of servicing the electricity network carried out by the Company, the employees of the Company relating to the Spin-Off Part, which are enumerated in Annex 18 to the Spin-Off Terms, shall also be transferred to the New Company, if until the moment of signing of the Transfer-Acceptance Act, ETP authorised capital is not increased, as described above in these Spin-Off Terms. Accordingly, the New Company shall take over employment contracts of such employees and all employer's rights and obligations from the moment of signing of the Transfer-Acceptance Act, as described above in item 9.2.6 of the Spin-Off Terms. The list of employees to be transferred to the New Company described in this item of the Spin-Off Terms shall be specified in the Transfer-Acceptance Act.

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- 9.2.8. Additionally, to the extent related to the activity of servicing the electricity network carried out by the Company, the employees of the Company relating to the Spin-Off Part, which are enumerated in Annex 19 to the Spin-Off Terms, shall also be transferred to the New Company, if until the moment of signing of the Transfer-Acceptance Act, TETAS authorised capital is not increased, as described above in these Spin-Off Terms. Accordingly, the New Company shall take over employment contracts of such employees and all employer's rights and obligations from the moment of signing of the Transfer-Acceptance Act, as described above in item 9.2.6 of the Spin-Off Terms. The list of employees to be transferred to the New Company described in this item of the Spin-Off Terms shall be specified in the Transfer-Acceptance Act.
- 9.2.9. All rights and obligations relating to the Spin-Off Terms shall be transferred to the New Company under the agreements enumerated in Annex 20 to the Spin-Off Terms and which shall be specified in the Transfer-Acceptance Act. Accordingly, the New Company shall take over the rights and obligations arising from the agreements indicated in this item from the moment of the signing of the Transfer-Acceptance Act.
- 9.2.10. (i) All rights and obligations relating to the Spin-Off Part under the state land lease agreements regarding land lease (sublease), which are enumerated in Annex 21 to the Spin-Off Terms and which shall be specified in the Transfer-Acceptance Act; as well as (ii) the servitudes relating to the Spin-Off Part and all rights and obligations relating to them under the agreements enumerated in Annex 22 to the Spin-Off Terms and which shall be specified in the Transfer-Acceptance Act, shall be transferred to the New Company. Accordingly, the New Company shall take over the servitudes and the rights and obligations arising from the agreements indicated in this item from the moment of signing of the Transfer-Acceptance Act.
- 9.2.11. Additionally, to the extent related to the activity of servicing the electricity network carried out by the Company, the rights and obligations relating to the Spin-Off Part under the agreements enumerated in Annex 23 to the Spin-Off Terms and which shall be specified in the Transfer-Acceptance Act, shall also be transferred to the New Company, if until the moment of signing of the Transfer-Acceptance Act, ETP authorised capital is not increased, as described above in these Spin-Off Terms, and/or such agreements are not transferred to ETP. Accordingly, the New Company shall take over the rights and obligations arising from the agreements indicated in this item from the moment of signing of the Transfer-Acceptance Act.
- 9.2.12. Additionally, to the extent related to the activity of servicing the electricity network carried out by the Company, the rights and obligations relating to the Spin-Off Part under the agreements enumerated in Annex 24 to the Spin-Off Terms and which shall be specified in the Transfer-Acceptance Act, shall be transferred to the New Company, if until the moment of signing of the Transfer-Acceptance Act, TETAS authorised capital is not increased, as described above in these Spin-Off Terms, and/or such agreements are not transferred to TETAS. Accordingly, the New Company shall take over the rights and obligations arising from the agreements indicated in this item from the moment of signing of the Transfer-Acceptance Act.
- 9.2.13. (i) All rights and obligations arising from negotiations regarding conclusion of agreements relating to the Spin-Off Part, which will be concluded already after the moment of execution of the Transfer-Acceptance Act, however, which, if concluded before the moment of execution of the Transfer-Acceptance Act, would have been transferred to the New Company; as well as (ii) all rights and obligations arising from public procurement procedures relating to the Spin-Off Part, which will be started by the Company until the moment of the signing of the Transfer-Acceptance Act and which shall be indicated in the Transfer-Acceptance Act, shall be transferred to the New Company. Accordingly, the New Company shall take over the rights and obligations indicated in this item from the moment of signing of the Transfer-Acceptance Act, as well as shall proceed with the public procurement procedures started by the Company and transferred to the New Company,

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including conclusion and signing of agreements and all other required documents with successful tenderers of such public procurement procedures.

- 9.2.14. All studies possessed and scientific investigations performed by the Company relating to the Spin-Off Part, as well as all rights and obligations relating to them enumerated in Annex 25 to the Spin-Off Terms and which shall be specified in the Transfer-Acceptance Act, shall be transferred to the New Company. Accordingly, the New Company shall take over the studies and performed scientific investigations indicated in this item and the rights and obligations relating to them from the moment of signing of the Transfer-Acceptance Act.
- 9.3. The composition of the assets, rights and obligations transferred to the New Company at the moment of the factual transfer to the New Company shall be established in the Transfer-Acceptance Act basing on the factual condition as on the day of execution of the Transfer-Acceptance Act, in compliance with the principles of drawing up of the Final Spin-Off Balance Sheets provided in Annex 3 to the Spin-Off Terms.
- 9.4. In case the rights and obligations of the Company arising from one transaction (or in other cases when the respective rights and obligations may not be divided among the Companies to be Active) need to be attributed to several Companies to be Active, such Companies to be Active shall make every and all reasonable efforts (e.g., shall conclude new transactions establishing rights and obligations as close as possible in their content and financial effect to the rights and obligations in the original transaction, which could be attributed to the Companies to be Active) in order for the respective Company to be Active to acquire the rights and obligations attributable to the respective Spin-Off Part.
- 9.5. In case the transfer of the respective rights and obligations under the transactions or other rights and obligations requires approvals/authorisations for such transactions by other parties or state or municipal institutions, the Company until the completion of the Spin-Off and the Companies to be Active after the completion of the Spin-Off shall make every and all reasonable efforts in order to obtain such approvals/authorisations. If such approvals are not obtained until the signing of the Transfer-Acceptance Act, the Company and the New Company shall make every and all reasonable efforts in order for the New Company to acquire, instead of the part of the rights and obligations it cannot acquire, the rights and obligations which are as close as possible in their content and financial effect (e.g., conclude a new transaction establishing the similar rights and obligations or obtain the respective authorisation or licence).
- 9.6. During the Spin-Off, the New Company shall take over under the Transfer-Acceptance Act (unless the imperative legal rules stipulate otherwise) or under the procedure established by legal acts renew all licences, permits or authorisations relating to the Spin-Off Part which are required for carrying out its activity, if such licences, permits or authorisations are not required for the Company itself; or shall obtain anew all licences, permits or authorisations required for carrying out its activity.
- 9.7. In case the changes in the Company's activity mentioned in items 9.2.2-9.2.4 of the Spin-Off Terms were made before the adoption of the Decision on the Company Spin-Off and such changes are to be deemed material changes in the Company's assets, rights and obligations, the head of the Company shall prepare and present the notifications provided for in paragraph 4 of Article 65 of the Company Law.
- 9.8. In case of any non-compliances in respect of the assets, rights and obligations to be transferred to the New Company, the following documents should be taken as a basis: (i) the principles indicated in Annex 3 to the Spin-Off Terms, the Final Spin-Off Balance Sheets and the Transfer-Acceptance Act; and (ii) Annexes 1 and 2 to these Spin-Off Terms.

10. COMPANY'S ASSETS, RIGHTS AND OBLIGATIONS NOT TO BE TRANSFERRED TO THE NEW COMPANY

- 10.1. The current and non-current assets, rights, obligations and transactions remaining with and attributable to the Company relating to the Remaining Part shall be established as at 30 June 2010 on the basis of the principles of drawing up of the Spin-Off Balance Sheets as at 30 June 2010 stipulated in Annex 1 to the Spin-Off Terms and the Spin-Off Balance Sheets as at 30 June 2010 attached in Annex 2 to the Spin-Off Terms drawn up basing on the interim financial statements of the Company as at 30 June 2010 and the principles of drawing up of the Spin-Off Balance Sheets as at 30 June 2010 attached in Annex 1 to the Spin-Off Terms.
- 10.2. Upon separation from the Company of the Spin-Off Part under the Spin-Off Terms and transferring of such part to the New Company, the assets, rights, obligations and transactions not attributed to the Spin-Off Part, i.e. the Remaining Part (which shall be specified simultaneously specifying the Spin-Off Part to be transferred to the New Company), shall remain to the Company which continues its activity after the Spin-Off, in compliance with the principles of drawing up of the Final Spin-Off Balance Sheets stipulated in Annex 3 to the Spin-Off Terms, unless these Spin-Off Terms or the Decision on the Company Spin-Off provide for otherwise (if it does not contradict the legal acts of the Republic of Lithuania), including but not limiting to the following assets, rights and obligations:
- 10.2.1. The assets owned by the Company which is used in the Corporate Information Technologies (CIT) activities carried out by the Company relating in proportion to the Remaining Part which is distinguished (as assets relating to the Remaining Part) in the same Annex 14 of the Spin-Off Terms and which is not to be transferred to the New Company, in compliance with the principles of drawing up of the Final Spin-Off Balance Sheets stipulated in Annex 3 to the Spin-Off Terms and in view of the principles indicated in item 9.2.3 of the Spin-Off Terms, shall not be attributed and transferred to the New Company.
- 10.2.2. No assets used in the Information Technologies Commercial (ITC) activities carried out by the Company (except for Fibre Lines 1 as stipulated in item 9.2.5 of the Spin-Off Terms), which shall be established in compliance with the principles of drawing up of the Final Spin-Off Balance Sheets stipulated in Annex 3 to the Spin-Off Terms, shall be attributed and transferred to the New Company, in view of the following principles:
- 10.2.2.1. It is planned that until the moment of the signing of the Transfer-Acceptance Act, the Company will invest and transfer to the IT Commerce certain assets used in the ITC activity carried out by the Company (including Fibre Lines 2) non-relating to the Spin-Off Part, in compliance with the principles of drawing up of the Final Spin-Off Balance Sheets stipulated in Annex 3 to the Spin-Off Terms. To this end, the authorised capital of the IT Commerce shall be increased by contributing the above assets. Thus, the Company shall acquire certain part of the newly issued shares of the IT Commerce in proportion to the above assets to be transferred. Therefore, in view of the above:
- 10.2.2.1.1.if, until the moment of signing of the Transfer-Acceptance Act, the authorised capital of the IT Commerce is not increased and the Company does not acquire the newly issued shares in the IT Commerce, as defined above, then the Final Spin-Off Balance Sheet of the Company shall indicate the assets owned by the Company used in the ITC activity non-relating to the Spin-Off Part, in compliance with the principles of drawing up of the Final Spin-Off Balance Sheets provided in Annex 3 to the Spin-Off Terms;
or
- 10.2.2.1.2.if, until the moment of the signing of the Transfer-Acceptance Act, the authorised capital of the IT Commerce is increased and the Company

acquires the newly issued shares of the IT Commerce, as described above, then the Company's Final Spin-Off Balance Sheet shall indicate that the Company owns all the shares in the IT Commerce which shall be issued to the Company in proportion to the assets used in ITC activities carried out by the Company to be transferred to the IT Commerce non-relating to the Spin-Off Part, in compliance with the principles of drawing up of the Final Spin-Off Balance Sheets provided in Annex 3 to the Spin-Off Terms.

- 10.2.3. All assets relating to the Remaining Part which shall be transferred by the Company to the Property Management Company shall be attributed to the Company, as described in item 9.2.4 of the Spin-Off Terms, except for the assets relating to the Spin-Off Part which is attributed to the New Company as stipulated in item 9.2.4.1.1 of the Spin-Off Part.
- 10.2.4. The Company's rights, obligations under the agreements and employees not relating to the Spin-Off Part, including, but not limiting to the rights, obligations under the agreements and employees who (i) are attributed to the part of CIT activity carried out by the Company, (ii) are attributed to ITC activities; as well as (iii) relating to the assets owned by the Company to be transferred to the Property Management Company which is relating to the Remaining Part, shall not be transferred to the New Company.
- 10.2.5. All assets, rights, obligations and transactions relating to the activities of electricity generation and power reservation in Kaunas Hydro Power Plant (Kaunas KE) and activity in Kruonis Pumped Storage Plant (Kruonis HAE) shall be attributed to the Company and shall be not transferred to the New Company.

11. OBLIGATIONS AFTER COMPLETION OF THE SPIN-OFF

- 11.1. After the moment of the signing of the Transfer-Acceptance Act, upon transfer of the entire Spin-Off Part, including the Transmission System Operator's Activity, into the ownership of LITGRID turtas AB under the procedure established in these Spin-Off Terms, AB Lietuvos energija shall reserve the long-term right to use all Fibre Lines 1 transferred to LITGRID turtas AB enumerated in Annex 16 to the Spin-Off Terms, and AB Lietuvos energija shall use such Fibre Lines 1 paying to LITGRID turtas AB the price of a certain amount to be set basing on the methods established and conclusions drawn by the independent audit company or independent property valuator.
- 11.2. If, until the day of execution of the Transfer-Acceptance Act, the Company does not acquire TIC shares, as indicated in item 9.2.3.1.1 of the Spin-Off Terms, then the New Company shall use a certain part of the cash attributed to it and calculated in accordance with item 9.2.3.1.1 of the Spin-Off Terms and the principles of drawing up of the Final Spin-Off Balance Sheets stipulated in Annex 3 to the Spin-Off Terms for buying out of TIC shares from the Company within 1 (one) month from the moment when the Company acquires TIC shares, to the fullest extent, as stipulated in item 9.2.3.1 of the Spin-Off Terms.
- 11.3. Works of reconstruction of commercial electricity accounting equipment and installation of the new equipment are carried out in Kruonis Pumped Storage Plant (Kruonis HAE) owned by the Company under the 13 November 2009 contracting agreement No 693-09/12-R0075 (investment project TA05400101). Primary equipment of commercial accounting and relating to accounting are installed within the limits of the ownership of the Transmission System Operator's network (in 110 and 330 kV distribution units) and within the limits of the ownership of Kruonis HAE (in 330 kV connections of the above transformers in 330 kV T1 – T4 modular transformer sites). All the above mentioned assets are attributed, as the construction in progress, to the Spin-Off Part in the Spin-Off Balance Sheets as at 30 June 2010 attached in Annex 2 to the Spin-Off Terms. After completion of the works of reconstruction of commercial electricity accounting equipment and installation of the new equipment, the equipment (including the contracting works) within the limits of ownership

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shall be distributed between the Company (Kruonis HAE) and the New Company in compliance with the principles of drawing up of the Final Spin-Off Balance Sheets stipulated in Annex 3 to the Spin-Off Terms, in view of the below enumerated principles:

- 11.3.1. In case the above project is completed until the day of signing of the Transfer-Acceptance Act, the assets mentioned in the Final Spin-Off Balance Sheets shall be distributed and attributed to the New Company and the Company in certain portions, accordingly.
- 11.3.2. In case the above project is completed after the signing of the Transfer-Acceptance Act, the New Company undertakes not later than within 10 (ten) calendar days following the end of the project to transfer into the ownership of the Company the equipment (including the contracting works), within the limits of the ownership, while the Company undertakes to settle accounts with the New Company for the transferred equipment (including the contracting works) within 2 (two) months by paying a certain price agreed under a separate act by the New Company and the Company (preliminarily LTL 1 100 000 (one million one hundred thousand litas), VAT exclusive).
- 11.4. On 9 December 2009, the Company and LITGRID AB signed agreement No 748-09 under which in 2010 the Company leases out to LITGRID AB certain long-term assets used in the TSO Activities and provides services of maintenance of such assets to LITGRID AB. Under the latter agreement LITGRID AB pays the fees for using (leasing) and servicing of the assets. The fee for the servicing of the assets is based on the planned maintenance costs of the assets to be incurred by the Company and covered by LITGRID AB. Under the above 9 December 2009 agreement the Company shall recalculate at the end of the year the fee for the assets servicing and issue to LITGRID AB a correcting invoice as well as additional invoices the amounts of which are not included into the fee for the assets servicing (e.g., the real property tax). In view of the above, the Company shall issue to LITGRID AB a correcting invoice after the completion of the Spin-Off within 3 (three) months according to which the Company or LITGRID AB (depending on which company will be indebted) shall pay the amounts indicated in the invoice within 1 (one) month following the day of issue of such invoice.
- 11.5. In view of the facts that:
 - 11.5.1. On 9 December 2009, the Company and LITGRID AB signed agreement No 748-09 under which in 2010 the Company leases out the long-term assets used in the TSO Activities and provides services of maintenance of such assets to LITGRID AB. Under the latter agreement LITGRID AB pays the fees for using (leasing) and servicing of the assets. The fee of using the assets is based on the return of the assets attributed to the TSO Activities as at the day of signing the agreement and to be attributed after making the investments within 2010, as an investment. Therefore, the Company receives funds meant for replacement of the leased assets through the fee of using the assets from LITGRID AB. It is planned that within 2010 the Company has to receive LTL 48 024 631. As at the date of execution of the Final Spin-Off Balance Sheets, the part of the money equal to the fee for using the assets actually calculated from the beginning of 2010 until the date of execution of the Final Spin-Off Balance Sheets shall be attributed to the New Company.
 - 11.5.2. Until 2010, the Company collected funds for the services matching the public interests (the SMPI), while since 2010, the SMPI funds have been collected by LITGRID AB. The SMPI fee collected from electricity consumers is set annually according to the methods established by the State Control Commission for Prices and Energy. In accordance with these methods the SMPI fee shall be corrected annually in view of the profit or loss received in the previous year from the SMPI activity. In 2008 and 2009 the Company received from the SMPI activity the profit of LTL 20 119 000 and LTL 10 191 000, accordingly, therefore, in such portions in 2010 (for the profit received in 2008) and in 2011 (for the profit received in 2009) loss will be incurred by LITGRID AB from the SMPI activity. In view of the fact that in 2008 and 2009 the cash from the SMPI activity was received by the Company, and LITGRID AB will derive less funds in 2010 and 2011,

as at the date of drawing up of the Final Spin-Off Balance Sheets, this part of cash shall be attributed to the New Company which after the Spin-Off will be the shareholder of LITGRID AB.

- 11.5.3. In 2010, the Company carries out investments (acquires new assets, reconstructs the old assets) relating to the TSO activity. In view of the above, as at the date of drawing up of the Final Spin-Off Balance Sheets, the part of money attributable to the New Company under items 11.5.1 and 11.5.2 of the Spin-Off Terms shall be reduced by the amount equal to the investments actually paid up from the beginning of 2010 until the date of drawing up of the Final Spin-Off Balance Sheets and the debt for the investments in the Company's Balance Sheet as at the day of drawing up of the Final Spin-Off Balance Sheets.
- 11.5.4. In such case if, in compliance with the principles defined in items 11.5.1 and 11.5.2 of the Spin-Off Terms, the amount of money attributed to the New Company is less than the amount of money calculated in item 11.5.3 of the Spin-Off Terms, then the amounts attributed to the New Company in accordance with the principles defined in items 11.5.1-11.5.3 of the Spin-Off Terms and the principles of drawing up of the Final Spin-Off Balance Sheets shall not be attributed and the attributable amount shall not be reduced, while the difference between the amount attributed in accordance with the principles defined in items 11.5.1 and 11.5.2 of the Spin-Off Terms and the amount calculated in item 11.5.3 of the Spin-Off Terms must be attributed to the Company (the Remaining Part) as a receivable amount, and to the New Company – as a payable amount. The latter payable amount shall be repaid by the New Company within 3 (three) months following the date of drawing up of the Final Spin-Off Balance Sheets.
- 11.6. All costs to be possibly incurred by the Company until the moment of the signing of the Transfer-Acceptance Act as a result of the inclusion of the New Company's shares into the trading in the market regulated by AB NASDAQ OMX Vilnius shall be attributed to the New Company and the New Company shall compensate to the Company all such costs incurred by the Company within 3 (three) months following the day of drawing up of the Final Spin-Off Balance Sheets.

12. PASSING OF THE SPIN-OFF PART TO THE NEW COMPANY TO BE ESTABLISHED AFTER THE SPIN-OFF

- 12.1. Transfer of assets, rights and obligations relating to the Spin-Off Part shall be carried out taking into consideration all the changes conditioned by the Company's economic activity until the date of transfer of assets, rights and obligations relating to the Spin-Off Part. The Spin-Off Part shall pass to the New Company under the Transfer-Acceptance Act (all the documents comprising the Transfer-Acceptance Act) as of signing of such Transfer-Acceptance Act. The assets, rights and obligations relating to the New Company are to be conveyed to the New Company by 1 December 2010, but no later than by 1 February 2011.
- 12.2. The Transfer-Acceptance Act shall be executed after completion of the Spin-Off. After completion of the Spin-Off and based on the Transfer-Acceptance Act the Final Spin-Off Balance Sheets shall be drawn-up as at the date of the Transfer-Acceptance Act (i.e. the date of the Final Spin-Off Balance Sheets and the date of the Transfer-Acceptance Act shall be the same), which shall disclose the Company's equity, assets and obligations remaining with the Company after the Spin-Off and the equity, assets and obligations of the New Company in fact transferred to it based on the principles and procedure of drawing-up of the Final Spin-Off Balance Sheets specified in Annex 3 to the Spin-Off Terms.
- 12.3. The Transfer-Acceptance Act shall provide for the composition of the assets, rights and obligations transferred to the New Company at the time of their actual transfer based on their condition existing on the day of execution of the Transfer-Acceptance Act, in

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accordance with the principles and procedure of drawing-up of the Final Spin-Off Balance Sheets provided for in Annex 3 to the Spin-Off Terms. The assets, rights and obligations transferred to the New Company may also be adjusted by supplementary documents drawn-up by the Companies to be Active after the Spin-Off (Adjustment Acts, etc.).

- 12.4. The Transfer-Acceptance Act drawn-up as required in this item of the Spin-Off Terms shall be delivered by the Company to the New Company (i.e. to the newly appointed head of the New Company). Within 10 (ten) calendar days of receipt of the Transfer-Acceptance Act the New Company (its authorised person) shall sign it or deliver to the Company written comments regarding the Transfer-Acceptance Act, which comments shall be clearly and precise and well-reasoned. For avoidance of doubt, the New Company shall not deliver its comments regarding the principles provided for in these Spin-Off Terms, their Annexes or the Decision on the Company Spin-Off.
- 12.5. If the New Company delivers its comments regarding the Transfer-Acceptance Act within the period established in item 12.4 of these Spin-Off Terms, then within 10 (ten) calendar days the Company and the New Company shall coordinate between themselves the content of the Transfer-Acceptance Act and sign it. In coordination of the content of the Transfer-Acceptance Act the parties shall also be governed by item 9.8 of these Spin-Off Terms.
- 12.6. The transfer to the New Company of the assets subject to registration attributed to the Spin-Off Part shall be registered if such registration is obligatory under the peremptory legal rules. The registration shall be performed without delay after signing of the Transfer-Acceptance Act, unless otherwise provided for under the peremptory legal rules. These Spin-Off Terms and the Transfer-Acceptance Act shall constitute legal grounds for registration of the assets, rights and obligations transferred to the New Company, their re-registration, certification and making changes in the required data kept with the registers and any other companies, institutions and authorities.
- 12.7. The Company's rights, obligations and contracts shall not change or expire because of the Spin-Off, unless their provisions provide otherwise.
- 12.8. As of signing of the Transfer-Acceptance Act the respective rights and obligations pertaining to the Spin-Off Part as well as the rights and obligations under the contracts and the concluded contracts shall pass to the New Company and become the New Company's rights and obligations and its concluded contracts as if they had been such from the very beginning, unless otherwise provided for by the peremptory legal rules.
- 12.9. As of signing of the Transfer-Acceptance Act all the contracts attributed to the Spin-Off Part shall be recorded in the books of the New Company, unless otherwise required by the peremptory legal rules or these Spin-Off Terms. The contracts concluded by the New Company itself shall be recorded in the New Company's books as of its registration with the Register of Legal Entities in accordance with the requirements of laws and regulations.
- 12.10. The rights and obligations which occur after signing of the Transfer-Acceptance Act and which arise from or are related to the Spin-Off Part shall be attributed to the New Company.
- 12.11. The Company Active after the Spin-Off shall have the Remaining Part as provided for in Section 10 of the Spin-Off Terms, i.e. that Part shall not pass to the New Company and no right and obligation pertaining to that Part shall arise to the New Company.
- 13. RIGHTS CONFERRED BY THE COMPANIES TO BE ACTIVE AFTER THE SPIN-OFF ON THE OWNERS OF CERTAIN CLASSES OF SHARES, BONDS AND OTHER SECURITIES**
- 13.1. Except for checks and notes, if any, the only securities issued by the Company are its ordinary registered shares, all of which are owned by the Shareholders.

- 13.2. Except for checks and notes, if any, the only securities issued by the Companies Active after the Spin-Off shall be their ordinary registered shares.
- 13.3. The ordinary registered shares of the Companies Active after the Spin-Off shall confer on their owners all property and non-property shareholder rights provided for in the articles of association of those Companies, Company Law, Civil Code of the Republic of Lithuania and other laws and regulations. Since adoption of the Decision on the Company Spin-Off and until the registration of the New Company with the Register of Legal Entities the shares of the New Company shall confer on their holders property and non-property rights provided for in the Spin-Off Terms, Company Law, and other laws and regulations, except as stipulated in item 8.1 of the Spin-Off Terms.
- 13.4. Subject to the provisions of item 4.1.5 of these Spin-Off Terms, the Spin-Off process in terms of taxation is neutral both to the Company and to its Shareholders and will not cause any tax-related consequences. However, any possible subsequent transfers of shares of the New Company may give rise to tax-related consequences to the shareholders of the New Company to be governed by respective laws and regulations of the Republic of Lithuania.

14. SPECIAL RIGHTS GRANTED TO THE BODIES (MEMBERS OF THE BODIES) OF THE COMPANY PARTICIPATING IN THE SPIN-OFF AND THE NEW COMPANY AND TO THE EXPERTS PERFORMING THE ASSESSMENT OF THE SPIN-OFF TERMS

- 14.1. Subject to the articles of association of the Company, on the date of execution of the Spin-Off Terms the bodies of the Company are the general meeting of shareholders, the head of the Company and the board; the Company shall have no supervisory board. The structure of the bodies of the Company to be Active shall remain unchanged. After completion of the Spin-Off the following bodies shall be formed in the New Company: the general meeting of shareholders, the head of the Company and the board.
- 14.2. During the Spin-Off the bodies (members of the bodies) of the Company and any other persons authorised by them shall be granted all the rights vested in them by laws and regulations of the Republic of Lithuania, respective agreements and the Company's articles of association, including the following rights:
 - 14.2.1. To perform all the actions relating to the Spin-Off, on the Company's behalf to sign, execute and deliver (as the case may be) to the Shareholders a notice about material changes in the Company's assets, rights and obligations during the period between drafting the Spin-Off Terms and the date of the general meeting of shareholders having on its agenda the issue of passing a Decision on the Company Spin-Off, amendments to the Company's articles of association and the amended version thereof, as well as any other documents necessary for registration of the amendments to the Company's articles of association with the Register of Legal Entities;
 - 14.2.2. To sign, execute and deliver the Transfer-Acceptance Act and the final Spin-Off Balance Sheets;
 - 14.2.3. On behalf of the New Company to convene the general meeting of its shareholders (the shareholders of the New Company and the Company's Shareholders are the same until the articles of association of the New Company are registered with the Register of Legal Entities) as specified in item 14.3 of the Spin-Off Terms and perform any other actions pertaining to the organisation of the general meeting of shareholders.
- 14.3. The management bodies of the New Company to be elected by the general meeting of shareholders (i.e., board members of the New Company) shall be elected by the general meeting of shareholders of the New Company and the head of the New Company shall be appointed prior to the registration of the New Company with the Register of Legal Entities. The general meeting of shareholders may also deal with other matters assigned to its

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competence by law or the articles of association of the New Company adopted by the general meeting.

- 14.4. The general meeting of shareholders of the Company stipulated in paragraph 2 of Article 69 of the Company Law shall not be convened before delivery to the Register of Legal Entities of the amended articles of association of the Company and other relating documents, unless it is decided otherwise.
- 14.5. Prior to the registration of the New Company with the Register of Legal Entities, the head of the New Company (or any other person authorised by him/her) shall be entitled on behalf of the Company:
 - 14.5.1. To sign, execute and deliver the New Company's articles of association and any other documents needed for registration of the New Company with the Register of Legal Entities;
 - 14.5.2. To sign, execute and deliver the Transfer-Acceptance Act and the final Spin-Off Balance Sheets;
 - 14.5.3. To make decisions on other matters attributed to the competence of the head of the New Company by the Company Law, other laws and regulations or the adopted articles of association of the New Company.
- 14.6. Heads of the Companies to be Active shall be vested with all rights to handle all the matters relating to the transfer of assets of the Companies to be Active, registration of ownership rights, conclusion and/or amendment of agreements and other matters relating to the Spin-Off. Such persons shall have the right to delegate their full authority to other persons to deal with the above-mentioned matters.
- 14.7. During the Spin-Off the audit firm performing the assessment of the Spin-Off Terms shall have all rights available to it under laws and regulations of the Republic of Lithuania and the concluded agreements. The audit firm shall prepare a report on the assessment of the Spin-Off Terms based on item 4.2.4 of the Spin-Off Terms, in which it shall include, inter alia, the following:
 - 14.7.1. Conclusions about correctness and validity of the share exchange ratio;
 - 14.7.2. Methods used to establish the share exchange ratio, conclusions about suitability of such methods and their effect on share pricing;
 - 14.7.3. Description of difficulties encountered in the assessment.
- 14.8. In the process of preparation of the report on the assessment of the Spin-Off Terms the audit firm shall:
 - 14.8.1. Have the right to receive all the needed documents (or copies thereof) and information required for adequate preparation of the report on the assessment of the Spin-Off Terms and shall be entitled to use all the collected information;
 - 14.8.2. Have the right to receive various explanations relating to various aspects of the Spin-Off Terms;
 - 14.8.3. Have any other rights stipulated by laws and regulations of the Republic of Lithuania.

15. Annexes

Annexes to the Spin-Off Terms:

- 1. The principles of drawing-up of the Spin-Off Balance Sheets as at 30 June 2010.
- 2. Spin-Off Balance Sheets as at 30 June 2010.
- 3. Principles of drawing-up of the final Spin-Off Balance Sheets.

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4. Interim financial statements of the Company as at 30 June 2010.
5. Report on the audit review of the interim financial statements of AB „Lietuvos energija“.
6. Extract from the approval of the general meeting of shareholders of AB „Lietuvos energija“ dated 18 June 2010.
7. Draft articles of association of the Company.
8. Draft articles of association of the New Company.
9. Stocks of the Transmission System.
10. List of Assets of the Transmission System.
11. List of Assets of the Transmission System subject to registration.
12. List of assets used in TED activities subject to transfer to TETAS.
13. List of assets used in TED activities subject to transfer to ETP.
14. List of assets used in CIT activities subject to transfer to TIC.
15. List of assets subject to transfer to the Property Management Company.
16. List of Fibre Lines 1.
17. List of employees to be transferred to the New Company.
18. List of employees to be attributed to the sphere of servicing of electricity network (relating to ETP).
19. List of employees to be attributed to the sphere of servicing of electricity network (relating to TETAS).
20. List of agreements.
21. List of state land lease agreements.
22. List of agreements on easements.
23. List of agreements to be attributed to the sphere of servicing of electricity network (relating to ETP).
24. List of agreements to be attributed to the sphere of servicing of electricity network (relating to TETAS).
25. List of studies and other research works.

The draft Spin-Off Terms were discussed and approved by the decision of the 24 September 2010 meeting of the Company's board.

On behalf of the public company AB LIETUVOS ENERGIJA:

Arvydas Darulis
Chairman of the Board

ANNEX 1

The principles of drawing-up of the Spin-Off Balance Sheets as at 30 June 2010

Attached

ANNEX 2

Spin-Off Balance Sheets as at 30 June 2010

Attached

ANNEX 3

Principles of drawing-up of the final Spin-Off Balance Sheets

Attached

ANNEX 4

Interim financial statements of the Company as at 30 June 2010

Attached

ANNEX 5

Report on the audit review of the interim financial statements of AB Lietuvos energija

Attached

ANNEX 6

**Extract from the approval of the general meeting of shareholders of AB Lietuvos energija dated
18 June 2010**

Attached

ANNEX 7

Draft articles of association of the Company

Attached

ANNEX 8

Draft articles of association of the New Company

Attached

ANNEX 9
Stocks of the Transmission System
Attached

ANNEX 10
List of Assets of the Transmission System
Attached

ANNEX 11

List of Assets of the Transmission System subject to registration

Attached

ANNEX 12

List of assets used in TED activities subject to transfer to TETAS

Attached

ANNEX 13

List of the assets used in TED activities subject to transfer to ETP

Attached

ANNEX 14

List of assets used in CIT activities subject to transfer to TIC

Attached

ANNEX 15

List of assets subject to transfer to the Property Management Company

Attached

ANNEX 16
List of Fibre Lines 1
Attached

ANNEX 17

List of employees to be transferred to the New Company

Attached

ANNEX 18

**List of employees to be attributed to the sphere of servicing of electricity network
(relating to ETP)**

Attached

ANNEX 19

**List of employees to be attributed to the sphere of servicing of electricity network
(relating to TETAS)**

Attached

ANNEX 20
List of agreements
Attached

ANNEX 21

List of state land lease agreements

Attached

ANNEX 22

List of agreements on easements

Attached

ANNEX 23

**List of agreements to be attributed to the sphere of servicing of electricity network
(relating to ETP)**

Attached

ANNEX 24

**List of agreements to be attributed to the sphere of servicing of electricity network
(relating to TETAS)**

Attached

ANNEX 25

List of studies and other research works

Attached