

APPROVED BY
AB Lietuvos Dujos
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Translated from the Lithuanian

**TERMS AND CONDITIONS
OF THE SPIN-OFF
OF THE PUBLIC COMPANY LIETUVOS DUJOS**

30 January 2013

Vilnius

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1. TERMS AND DEFINITIONS

- 1.1. The terms capitalised in these Terms and Conditions shall have the meanings specified below, except when otherwise required by the context:
- 1.1.1. **LoC** means the Law on Companies of the Republic of Lithuania No. VIII-1835 of 13 July 2000 (with subsequent amendments and supplements).
- 1.1.2. **AB Amber Grid** or the **New Company** means a new company of the same legal form established under these Terms and Conditions on the basis of the Spin-Off Part, which shall be transferred the part of the Company's assets, rights and obligations (i.e. the Assets under Transfer) and the intended name whereof shall be AB Amber Grid. The terms the New Company and AB Amber Grid shall be used interchangeably in these Terms and Conditions.
- 1.1.3. **Shareholder** or **Shareholders** mean(s) the Company's shareholders individually or collectively (as required by the context).
- 1.1.4. **Spin-Off Part** means the part to be unbundled from the Company during the spin-off (Spin-Off) comprising the Company's activities as the Transmission System Operator (TSO) with the assets, rights and obligations attributed thereto (i.e. as the aggregate of assets, rights and obligations, which in organisational terms constitutes an autonomous economic entity carrying out its activities and capable of performing its functions by its own means) as provided for in the Terms and Conditions, and on the basis whereof the New Company is established under these Terms and Conditions.
- 1.1.5. **Company** means the public company LIETUVOS DUJOS, company code: 120059523, VAT payer's code: LT200595219, registered office: Aguonų str. 24, Vilnius, registered in the Register of Legal Entities of the Republic of Lithuania, which will carry out its activity until completion of the Spin-Off, as well as will continue the activity after the Spin-Off (as required under the context of the Terms and Conditions).
- 1.1.6. **CC** means the Civil Code of the Republic of Lithuania approved by the Law on the Approval, Entry into Force and Implementation of the Civil Code of the Republic of Lithuania No. VIII-1864 of 18 July 2000 (with subsequent amendments and supplements).
- 1.1.7. **Central Securities Depository** means the public company Central Securities Depository of Lithuania, company code: 110059343, registered office: Lvovo str. 25, Vilnius.
- 1.1.8. **LC** means the Labour Code of the Republic of Lithuania approved by the Law on the Approval, Entry into Force and Implementation of the Labour Code of Republic of Lithuania No. IX-926 of 4 June 2002 (with subsequent amendments and supplements).
- 1.1.9. **Final Spin-Off Balance Sheet** means the Company's Spin-Off Balance Sheet as of the Transfer Day.
- 1.1.10. **LNG** means the Law on Natural Gas of the Republic of Lithuania No. VIII-1973 of 10 October 2000 (with subsequent amendments and supplements).
- 1.1.11. **LILALNG** means the Law on the Implementation of the Law Amending the Law on Natural Gas of the Republic of Lithuania No. XI-1565 of 30 June 2011 (with subsequent amendments and supplements, if any).
- 1.1.12. **Licence** means a licence to carry out the activity of natural gas transmission.
- 1.1.13. **Licensing Regulations** mean the Regulations for Licensing the Natural Gas Transmission, Distribution, Storage, Liquefaction, Supply, and Market Operator approved by Resolution No. 1246 of the Government of the Republic of Lithuania "On the Approval of the Regulations for Licensing the Natural Gas Transmission, Distribution, Storage,

Liquefaction, Supply, and Market Operator” of 27 October 2011 (with subsequent amendments and supplements).

- 1.1.14. **Register of Legal Entities** means the Register of Legal Entities of the Republic of Lithuania, which is administered by the State Enterprise Centre of Registers (legal entity code: 124110246, registered office: Vinco Kudirkos str. 18-3, Vilnius, Republic of Lithuania) on the basis of the Law on the Register of Legal Entities of Republic of Lithuania No. IX-368 of 12 June 2001.
- 1.1.15. **Law on Corporate Income Tax** means the Law on Corporate Income Tax of the Republic of Lithuania No. IX-675 of 20 December 2001 (with subsequent amendments and supplements).
- 1.1.16. **Transfer Deed** means the Transfer and Acceptance Deed for the Assets under Transfer concluded by the Company, which continues its activity after the Spin-Off, and the New Company under these Terms and Conditions, whereby the Assets under Transfer are transferred to the New Company and whereby their accurate composition is recorded (i.e. specific assets, rights and obligations transferred). In case of execution of several rather than one transfer and acceptance documents, then the term **Transfer Deed** means the entirety of all such transfer and acceptance documents.
- 1.1.17. **Transfer Day** means the day, as at the condition of which the Transfer and Acceptance Deed is signed and on which the TSO activity licence is issued to the New Company.
- 1.1.18. **Transmission Activity** means the natural gas transmission activity carried out by the Company.
- 1.1.19. **Assets under Transfer** means the assets, rights and obligations transferred to the New Company established after the Spin-Off, including the rights and obligations under transactions, assigned to the natural gas transmission activity as carried out by the Company pursuant to these Terms and Conditions and Annexes thereof, as well as their changes due to the activity carried out until the Transfer Day; the composition of the assets, rights and obligations shall be finally recorded in the Final Spin-Off Balance Sheet and in the Transfer Deed.
- 1.1.20. **Plan** means the Plan for Performing the Unbundling of the Activities and Control of Natural Gas Undertakings that do not Conform to the Requirements of the LNG approved by Resolution No. 1239 of the Government of the Republic of Lithuania “On Approving the Plan for Performing the Unbundling of the Activities and Control of Natural Gas Undertakings that do not Conform to the Requirements of the Law on Natural Gas of the Republic of Lithuania” of 28 October 2011 (with subsequent amendments and supplements).
- 1.1.21. **TSO** means the operator of the natural gas transmission system.
- 1.1.22. **VAT** means the value added tax.
- 1.1.23. **VAT Law** means the Law on Value Added Tax of the Republic of Lithuania No. IX-751 of 5 March 2002 (with subsequent amendments and supplements).
- 1.1.24. **Terms and Conditions** mean these Terms and Conditions of the Spin-Off, including all annexes, supplements and/or amendments thereto, if any.
- 1.1.25. **Spin-Off Balance Sheet** means the spin-off balance sheet as at 31 October 2012 drawn up on the basis of the set of interim financial statements of the Company as of 31 October 2012.
- 1.1.26. **Board** means the Board of Directors of the Company.
- 1.1.27. **Plan of Actions** means the Description of Methods of the Unbundling of AB Lietuvos Dujos Gas Transmission Activity and Control and the Gas Distribution Activity, including the Plan of Actions, approved by the Decision of the Board of 28 May 2012.
- 1.1.28. **NCCPE** means the National Control Commission for Prices and Energy.

- 1.1.29. **Description of the Accounting Procedure of the Activities** means the rules according to which items of the Company's profit (loss) statement and items of statement of financial position (balance sheet) are assigned to separate activities of the Company, as approved by the General Manager of the Company and coordinated with the NCCPE.
- 1.1.30. **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 Terms and Conditions, the 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 titles in the Terms and Conditions are used only for convenience only and shall have no impact on the meaning or interpretation of the Terms and Conditions. In each case when the words such as “includes”, “including” or words of the similar meaning are used in the Terms and Conditions, it shall be deemed that they shall be followed by the words “not limiting to”.
- 1.3. A reference to a specific article, paragraph or item in the Terms and Conditions shall mean a reference to that specific article, paragraph or item of the Terms and Conditions, unless otherwise stipulated.
- 1.4. References to laws and other legal acts in the Terms and Conditions shall mean references to the relevant wording of the law or other legal act of the Republic of Lithuania in force at the relevant time, unless otherwise required by the context.

2. GENERAL PROVISIONS

- 2.1. Article 40 of the LNG stipulates that the natural gas transmission activity carried out in the Republic of Lithuania shall be unbundled from the activities of production and supply of natural gas, by unbundling the ownership of the transmission system and/or the TSO from the natural gas undertakings engaged in production and/or supply activities.
- 2.2. Taking into consideration the alternatives to ensure conformity as provided for in Article 2 of the LILALNG and the method envisaged in paragraph 8 of the Plan, it was decided in the General Meeting of Shareholders on 28 May 2012 to spin off a part (natural gas transmission activity of the Company) from the Company which continues its activity and to establish a New Company on the basis of the assets, rights and obligations attributed to that part.
- 2.3. Following this decision, the Board has drawn up and approved a Plan of Actions, which has been submitted by the Company to the NCCPE. On 15 June 2012 the NCCPE, following the examination of the documents submitted, concluded *inter alia* that the Company has submitted the Plan of Actions and instructed to unbundle the natural gas transmission and distribution activities in accordance with the methods and time-limits specified in the Plan of Actions, i.e. that not later than by 31 July 2013, the Company had its natural gas transmission activity unbundled from the legal, functional and organisational point of view by establishing a new transmission system operator company and had completed the unbundling of control of the Transmission Activity by 31 October 2014. The time-limits defined in the Plan of Actions are provided on the basis of the assumption that all state authorities will carry out their actions within the statutory time-limits without requesting the submission of any additional data and documents.
- 2.4. Taking into consideration the decision of the General Meeting of Shareholders of the Company of 28 May 2012 and the decision of the NCCPE of 15 June 2012, as well as

following Article 71 of the LoC, the Board has drawn up the Terms and Conditions.

- 2.5. The Terms and Conditions provide for the terms and conditions for unbundling part of the Company, which continues the activities, and for establishing the New Company of the same legal form on the basis of the assets, rights and obligations attributed to such Spin-Off Part.
- 2.6. The Terms and Conditions have been prepared in accordance with the CC, LC, LoC, LNG, LILALNG and other legal acts in force in the Republic of Lithuania, as well as the Bylaws of the Company.
- 2.7. The Terms and Conditions were approved by the decision of the Board taken in the meeting of the Board on 30 January 2013.

3. INFORMATION ABOUT THE COMPANIES TAKING PART IN THE SPIN-OFF

- 3.1. The Company is a public company, which will continue the activities after the Spin-Off and from which the Spin-Off Part will be unbundled by establishing on the basis of such Spin-Off Part the New Company of the same legal form, the title whereof will be AB Amber Grid, as provided for in the Terms and Conditions.
- 3.2. The Company shall acquire the status of the company taking part in the Spin-Off as of the day of public announcement on the drawing up of the Terms and Conditions.

3.3. Information about the Company taking part in the Spin-Off as of the date of these Terms and Conditions:

- 3.3.1. Name – Public Company LIETUVOS DUJOS
- 3.3.2. Legal form – public company
- 3.3.3. Registered office – Aguonų str. 24, Vilnius
- 3.3.4. Code – 120059523
- 3.3.5. VAT payer's code – LT200595219
- 3.3.6. Register – Register of Legal Entities
- 3.3.7. Authorised capital – LTL 469 068 254 (four hundred sixty nine million sixty eight thousand two hundred fifty four litas)
- 3.3.8. Amount of the paid-up authorised capital – LTL 469 068 254 (four hundred sixty nine million sixty eight thousand two hundred fifty four litas)
- 3.3.9. Period of activity – unlimited
- 3.3.10. The Company is considered an issuer under the Law on Securities of the Republic of Lithuania; its shares are listed on AB NASDAQ OMX Baltic Main List. All the information published by the Company, including the historical financial information for the years 2009, 2010 and 2011, may be accessed at the website of the Company www.dujos.lt, the Central Database of Regulated Information www.crib.lt and at the website of AB NASDAQ OMX Vilnius securities exchange www.nasdaqomxbaltic.com.

3.4. Information about the Company, which continues the activities after the Spin-Off:

- 3.4.1. Name – Public Company LIETUVOS DUJOS
- 3.4.2. Legal form – public company
- 3.4.3. Registered office – Aguonų str. 24, Vilnius
- 3.4.4. Code – 120059523

- 3.4.5. VAT payer's code – LT200595219
- 3.4.6. Register – Register of Legal Entities
- 3.4.7. Authorised capital – LTL 290 685 740 (two hundred ninety million six hundred eighty five thousand seven hundred forty litas)
- 3.4.8. Period of activity – unlimited

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

- 3.5.1. Name – Public Company Amber Grid
- 3.5.2. Legal form – public company
- 3.5.3. Registered office – Gudeliu str.49, Vilnius
- 3.5.4. Register – Register of Legal Entities
- 3.5.5. Authorised capital – LTL 178 382 514 (one hundred seventy eight million three hundred eighty two thousand five hundred fourteen litas)
- 3.5.6. Period of activity – unlimited

4. THE COMPANY TO BE WOUND UP AND THE COMPANIES TO BE ACTIVE AFTER THE SPIN-OFF

- 4.1. There are no companies to be wound up after the Spin-Off.
- 4.2. The Companies to be Active after the Spin-Off are the Company, as well as the New Company established during the Spin-Off.

5. METHOD OF THE SPIN-OFF

- 5.1. The Spin-Off shall be performed following the CC, Article 71 of the LoC and other legal acts. In accordance with Article 71(2) of the LoC, the provisions of the CC and the LoC regulating the reorganisation by way of division shall *mutatis mutandis* be applicable to the Spin-Off procedure.

6. TAX CONSEQUENCES AND LEGAL CONDITIONS OF THE SPIN-OFF

- 6.1. Tax consequences:
 - 6.1.1. The Spin-Off corresponds to Article 41(2)(5) of the Law on the Corporate Income Tax (hereinafter – the LAW on CIT)– the Company which continues its activities shall transfer to another company its Transmission Activity as a totality of assets, rights and obligations, which from organisational point of view constitutes an independent economic entity carrying out its activity and capable of functioning by its own discretion, at the same time reducing its share capital; and the Company's shareholders in exchange for the shares held in the Company shall receive pro rata the shares issued by the New Company. Following the Article 42(2) of the Law on CIT, where, in the cases specified in Article 41 of the Law on CIT, an entity transfers its assets to another entity, the increase in the value of assets shall not be treated as income of the transferring entity, if the condition indicated in Article 42(10) of the LAW on CIT regarding the retention of shares in its ownership for 3 (three) years is satisfied. In this case the acquisition price of Assets under Transfer for the New Company which has received these assets into its ownership is the acquisition price of such assets before the transfer of the ownership of the assets in the transferring entity, i.e.

the Company. The New Company will also continue the calculation of the depreciation (amortisation) of the Assets under Transfer as it used to be done by the transferring company, which has transferred the Assets. In accordance with the provisions of the Commentary to the Law on CIT approved by the State Tax Inspectorate under the Ministry of Finance, in case the shareholders of the New Company would not retain its shares in their ownership for 3 years, the increase in the value of the assets will not be taxed to the Company. The shareholders – legal persons who hold more than 25 per cent of the Company's shares and who will not retain the shares of the New Company received in exchange for 3 (three) years, will have to tax the capital gains for the shares sold, i.e. it will be treated that such shareholders have not exchanged the shares of the Company into the shares of the New Company, but sold them. In accordance with Article 4 of the Law on CIT, income received by foreign entities – shareholders from the capital gains resulting from transfer of shares is not the object of the Lithuanian corporate income tax. The transfer of the shares by the shareholders – legal persons who hold less than 25 per cent of the Company's shares will be subject to the corporate income tax irrespective of the period of their retention in the ownership thereof. The transfer of the shares of the shareholders – individual persons is subject to taxes in accordance with the Law on Individuals Income Tax.

- 6.1.2. As from the year 2009 the Company applies a corporate income tax incentive for investments into the non-current assets satisfying the criteria indicated in the Law on CIT. As a result of the restrictions on the corporate income tax incentive set in the Law on CIT, it may be that the corporate income tax incentive has not been applied by the Company to part of the incurred investment expenses as of the date of the Final Spin-Off Balance Sheet. Following the Article 46'(5) of the Law on CIT, having taken over the assets as a result of the Spin-Off, the New Company may continue applying the incentive as if it has been applied by the transferring Company. Taking into consideration the fact that the main amount of the Company's investment expenses to which the corporate income tax incentive applies has been made from the Transmission Activity, the unused balance of the investment expenses or part thereof, which reasonably satisfies the criteria regarding the non-current assets in respect whereof the aforementioned corporate income tax incentive may be applied as indicated in the Law on CIT, will be used to form the deferred tax assets which will be transferred to the New Company.
- 6.1.3. In accordance with the provisions of Article 9(1) of the Law on VAT, if the taxable person transfers its economic activity (or part thereof) as a complex (i.e. the entirety of the objects of the right of ownership, acquired and used for the activities, also other property and non-property rights, debts and other obligations related to the said activities) to another taxable person who continues the activities that are transferred, such transfer of activities (or part thereof) shall not be considered as supply of either goods or services. In accordance with these provisions, the transfer of part of the Company's assets and related rights and obligations to the New Company shall not be considered as supply of goods or services, therefore, neither the Company nor the New Company shall become liable to calculate and pay the VAT.
- 6.1.4. In accordance with Article 68(2) of the VAT Law, when the economic activity carried out by a taxable person who is a VAT payer is transferred as a complex to another taxable person who is a VAT payer, it shall be treated that the person taking over the objects ownership rights related thereto has wholly or partly deducted the input (or) import VAT on the objects of ownership rights and the obligation to adjust VAT deduction under the procedure laid down in Chapter VIII of the Law on VAT shall be met by him. In accordance with these provisions, the New Company shall have the obligation to adjust the

VAT deduction for the objects of ownership rights taken over according to the procedure specified in Chapter VIII of the VAT Law.

6.2. Legal terms and conditions of the Spin-Off:

- 6.2.1. The Company's authorised capital is fully paid up;
- 6.2.2. The Terms and Conditions have been drawn up by the Board implementing the decision of the General Meeting of Shareholders of the Company of 28 May 2012;
- 6.2.3. The Company is not undergoing liquidation;
- 6.2.4. The Terms and Conditions are prepared in co-operation with the NCCPE and will be submitted to the NCCPE as provided for in the LILALNG;
- 6.2.5. A public notice on the Spin-Off will be made in the daily "Lietuvos rytas" three times with at least 30 (thirty) days' interval;
- 6.2.6. The Terms and Conditions as well as the evaluation report of the Terms and Conditions prepared by the audit company will be submitted to the Register of Legal Entities under the procedure specified by legal acts;
- 6.2.7. The Spin-Off provided for in the Terms and Conditions will be implemented, if the General Meeting of Shareholders of the Company approves these Terms and Conditions.

7. NUMBER AND PAR VALUE OF SHARES BY CLASSES OF THE COMPANIES TO BE ACTIVE, SHARE EXCHANGE RATIO, ITS JUSTIFICATION, RULES OF DISTRIBUTION OF SHARES TO THE SHAREHOLDERS OF THE COMPANIES TO BE ACTIVE AFTER THE SPIN-OFF

- 7.1. As of the day of drawing up of the Terms and Conditions, 100 % (one hundred per cent) of the Company's shares make up 469 068 254 (four hundred sixty nine million sixty eight thousand two hundred fifty four) ordinary registered shares with a par value of LTL 1 (one litas) each; the ISIN code of the shares is LT0000116220. The total par value of all shares of the Company is LTL 469 068 254 (four hundred sixty nine million sixty eight thousand two hundred fifty four litas).
- 7.2. As of the day of drawing up of these Terms and Conditions, the Company's Shareholders hold 100 % of the Company's shares. The structure of the Company's Shareholders is as follows:

Shareholder	Number of shares (units)
E.ON Ruhrgas International GmbH (Germany)	182 534 384
OAO Gazprom (Russia)	173 847 696
Republic of Lithuania, represented by the Ministry of Energy	83 030 367
Small shareholders	29 655 807
Total:	469 068 254

- 7.3. The authorised capital of the New Company and the Company which continues the activities after the Spin-Off shall be formed by dividing the authorised capital of the Company. The amount of the authorised capital for a specific Company to be Active shall be determined taking into account the amount of the Company's authorised capital assigned for a specific activity:

- 7.3.1. The authorised capital of the New Company formed during the Spin-Off shall be equal to LTL 178 382 514 (one hundred seventy eight million three hundred eighty two thousand five hundred fourteen litas 00 cents) and it shall consist of 178 382 514 (one hundred seventy eight million three hundred eighty two thousand five hundred fourteen) ordinary registered uncertificated shares with the par value of LTL 1 (one litas) each. The issue (ISIN) code of the shares shall be granted after the registration of the issue of the shares of the New Company at the Central Securities Depository.
- 7.3.2. The authorised capital of the Company which continues its activities after the Spin-Off shall be equal to the difference between the Company's authorised capital, i.e. LTL 469 068 254 (four hundred sixty nine million sixty eight thousand two hundred fifty four litas 00 cents), and the formed authorised capital of the New Company. The authorised capital of the Company which continues the activities after the Spin-Off shall be equal to LTL 290 685 740 (two hundred ninety million six hundred eighty five thousand seven hundred forty litas 00 cents) and it shall consist of 290 685 740 (two hundred ninety million six hundred eighty five thousand seven hundred forty) ordinary registered uncertificated shares with the par value of LTL 1 (one litas) each.
- 7.3.3. The principles of formation of the authorised capital of the New Company are described in more detail in items 11.1 and 11.3 of these Terms and Conditions and in the Main Principles of Drawing Up the Spin-Off Balance Sheet, which are enclosed to these Terms and Conditions as Annex No. 3.
- 7.4. The shares of the New Company and the Company which continues the activities after the Spin-Off shall be distributed to all Shareholders in proportion to the Company's authorised capital. The share exchange ratio shall be determined according to the ratio between the number of shares of the particular Company to be Active after the Spin-Off and the number of shares of the Company operating before the Spin-Off, i.e.:
 - 7.4.1. $290\,685\,740 \text{ shares of the Company which continues the activities after the Spin-Off} / 469\,068\,254 \text{ shares of the Company operating before the Spin-Off} = 0.6197088324$;
 - 7.4.2. $178\,382\,514 \text{ shares of the New Company} / 469\,068\,254 \text{ shares of the Company operating before the Spin-Off} = 0.3802911676$.
- 7.5. The share exchange ratio has been calculated based on the amounts of the authorised capital of the New Company and of the Company which continues the activities after the Spin-Off as recorded in the Spin-Off Balance Sheet and the ratio shall not change after the drawing up of the Final Spin-Off Balance Sheet.
- 7.6. Due to an unstable regulation environment, it is difficult to reliably assess the asset value of separate Companies to be Active. The Spin-Off is performed using book values. It should be noted, however, that the existing shareholders of the Company would hold ownership rights in each Company to be Active after the Spin-Off according to the same proportions as in the existing Company (except for minor differences resulting from rounding off when exchanging the shares) irrespective of whether the Spin-Off would be performed based on the book values or fair values.
- 7.7. The number of shares of the Company which continues the activities after the Spin-Off shall be calculated for a Shareholder by multiplying the number of the shares held by the Shareholder by the share exchange ratio 0.6197088324 and rounding according to the following procedure:

- 7.7.1. If the fractional part of the number of the shares is equal to or higher than 0.5, the number of shares of the Company which continues the activities after the Spin-Off shall be rounded up to the whole number;
- 7.7.2. If the fractional part of the number of shares is lower than 0.5, the number of shares of the Company which continues the activities after the Spin-Off shall be rounded down to the whole number (in this case the difference between the whole number of shares and its fractional part shall not be compensated in money);
- 7.7.3. The Shareholders who, under the rules on share exchange stipulated in item 7.7.2, after the rounding-off are attributed the number of shares Company which continues the activities after the Spin-Off lesser than 1 (one), shall be granted 1 (one) share of the Company which continues the activities after the Spin-Off.
- 7.8. In case it is determined that the number of shares of the Company calculated to the Shareholders under items 7.7.1–7.7.3 of the Terms and Conditions exceeds the authorised capital of the Company to be operating after the Spin-Off, the number of shares of the 3 (three) major Shareholders, to whom the largest number of shares in the Company after its Spin-Off will be calculated under items 7.7.1 and 7.7.2 hereof, shall be reduced by the number equal to the difference between the number of shares calculated to all Shareholders under items 7.7.1–7.7.3 and the number of the authorised capital of the Company formed after the Spin-Off. The reduction due to each of the 3 (three) major Shareholders shall be calculated by multiplying the ratio between the shares held by him/it and the sum of the shares held by the 3 (three) major Shareholders from the difference between the total number of shares calculated to all Shareholders under items 7.7.1–7.7.3 of the Terms and Conditions and the number of the authorised capital of the Company formed after the Spin-Off. The rounding-off will be carried out following the principles specified in items 7.7.1 and 7.7.2. If, when calculating the reduction in the shares of the major Shareholders, the fractional part of the number of shares of all 3 (three) major Shareholders is less than 0.5, the biggest fractional part of the number of shares shall be considered equal to or higher than 0.5. In the situation when the fractional part of the number of shares of all 3 (three) major Shareholders is more than 0.5, the lowest fractional part of the number of shares shall be considered lower than 0.5.
- 7.9. In case it is determined that the number of shares of the Company calculated to the Shareholders under items 7.7.1–7.7.3 of the Terms and Conditions is lower than the authorised capital of the Company to be operating after the Spin-Off, the number of shares to the 3 (three) major Shareholders, to whom the largest number of shares in the Company after its Spin-Off will be calculated under items 7.7.1 and 7.7.2 of the Terms and Conditions, shall be increased by the number equal to the difference between the number of shares calculated to all Shareholders under items 7.7.1–7.7.3 and the number of the authorised capital of the Company formed after the Spin-Off. The increase due to each of the 3 (three) major Shareholders shall be calculated by multiplying the ratio between the shares held by him and the sum of the shares held by the 3 (three) major Shareholders from the difference between the total number of shares calculated to all Shareholders under items 7.7.1–7.7.3 of the Terms and Conditions and the number of the authorised capital of the Company formed after the Spin-Off. The rounding-off will be carried out following the principles specified in items 7.7.1 and 7.7.2. If, when calculating the increase in the shares of the major Shareholders, the fractional part of the number of shares of all 3 (three) major Shareholders is less than 0.5, the biggest fractional part of the number of shares shall be considered equal to or higher than 0.5. In the situation when the fractional part of the number of shares of all 3 (three) major Shareholders is more than 0.5, the lowest fractional part of the number of shares shall be considered lower than 0.5.

- 7.10. The number of shares in the New Company attributable to the Shareholder shall be calculated by multiplying the number of shares in the Company held by the Shareholder by the share exchange ratio 0.3802911676 and rounding off under the following procedure:
- 7.10.1. If the fractional part of the number of the shares is equal to or higher than 0.5, the number of shares of the New Company shall be rounded up to the whole number;
- 7.10.2. If the fractional part of the number of shares is lower than 0.5, the number of shares of the New Company shall be rounded down to the whole number (in this case the difference between the whole number of shares and its fractional part shall not be compensated in money);
- 7.10.3. The Shareholders who, under the rules on share exchange stipulated in item 7.10.2, after the rounding-off are attributed the number of shares in the New Company less than 1 (one), shall be granted 1 (one) share of the New Company.
- 7.11. In case it is determined that the number of shares of the New Company calculated to the Shareholders under items 7.10.1–7.10.3 of the Terms and Conditions exceeds the authorised capital of the New Company, the number of shares to the 3 (three) major Shareholders, to whom the largest number of shares in the New Company after its Spin-off will be calculated under items 7.10.1 and 7.10.2 of the Terms and Conditions, shall be reduced by the number equal to the difference between the number of shares calculated to all Shareholders under items 7.10.1–7.10.3 and the number of the authorised capital of the New Company formed after the Spin-Off. The reduction due to each of the 3 (three) major Shareholders shall be calculated by multiplying the ratio between the shares held by him and the sum of the shares held by the 3 (three) major Shareholders from the difference between the total number of shares calculated to all Shareholders under items 7.10.1–7.10.3 of the Terms and Conditions and the number of the authorised capital of the New Company formed after the Spin-Off. The rounding-off shall be carried out following the principles specified in items 7.10.1 and 7.10.2. If, when calculating the reduction in the shares of the major Shareholders, the fractional part of the number of shares of all 3 (three) major Shareholders is less than 0.5, the biggest fractional part of the number of shares shall be considered equal to or higher than 0.5. In the situation when the fractional part of the number of shares of all 3 (three) major Shareholders is more than 0.5, the lowest fractional part of the number of shares shall be considered lower than 0.5.
- 7.12. In case it is determined that the number of shares of the New Company calculated to the Shareholders under items 7.10.1–7.10.3 of the Terms and Conditions is lower than the authorised capital of the New Company, the number of shares to the 3 (three) major Shareholders, to whom the largest number of shares in the New Company after its Spin-Off will be calculated under items 7.10.1 and 7.10.2 of the Terms and Conditions, shall be increased by the number equal to the difference between the number of shares calculated to all Shareholders under items 7.10.1–7.10.3 and the number of the authorised capital of the New Company formed after the Spin-Off. The increase due to each of the 3 (three) major Shareholders shall be calculated by multiplying the ratio between the shares held by him and the sum of the shares held by the 3 (three) major Shareholders from the difference between the total number of shares calculated to all Shareholders under items 7.10.1–7.10.3 of the Terms and Conditions and the number of the authorised capital of the New Company formed after the Spin-Off. The rounding-off will be carried out following the principles specified in items 7.10.1 and 7.10.2. If, when calculating the increase in the shares of the major Shareholders, the fractional part of the number of shares of all 3 (three) major Shareholders is less than 0.5, the biggest fractional part of the number of shares shall be considered equal or higher than 0.5. In the situation when the fractional part of the number

of shares of all 3 (three) major Shareholders is more than 0.5, the lowest fractional part of the number of shares shall be considered lower than 0.5.

- 7.13. To make it possible for small Shareholders to sell the shares they hold in the Company to other persons at their own discretion, the trading in shares of the Company will continue and will not be suspended at least for 5 (five) working days after the General Meeting of Shareholders of the Company where the approval of these Terms and Conditions will be considered.
- 7.14. At the expiry of the term specified in item 7.13 of the Terms and Conditions, the trading in the Company's shares at AB NASDAQ OMX Vilnius shall be suspended upon the Company's application. The trading in the Company's shares shall be suspended prior to the submission of the amended Bylaws of the Company and of the incorporation documents of the New Company to the Registrar of the Register of Legal Entities, but not earlier than after 5 (five) working days after the General Meeting of Shareholders of the Company where the approval of these Terms and Conditions will be considered. The trading in the Company's shares shall be suspended until the Central Securities Depository makes the necessary entries in the general account of financial instruments of the Company.
- 7.15. The right to receive the Company's shares shall be granted to the persons who will be the Shareholders on the day when the amendments to the Bylaws of the Company to be Active after the Spin-Off will be registered in the Register of Legal Entities, and the right to the shares of the New Company shall be granted to the persons who will be the Shareholders on the day when the Registrar of the Register of Legal Entities registers the New Company.
- 7.16. After the completion of the Spin-Off and completion of the actions specified in item 7.14 of the Terms and Conditions, the Company shall submit an application to withdraw the suspension of the trading in the Shares at AB NASDAQ OMX Vilnius. The New Company will, accordingly, submit an application to AB NASDAQ OMX Vilnius to list its shares on the exchange trade list. The General Manager of the Company is granted all rights and powers to submit an application to suspend the trading in the shares and to withdraw the suspension as well as carry out all the actions related thereto, and the Chief Executive Officer of the New Company – to submit an application to list the shares of the New Company on the exchange trade list and carry out all the actions related thereto. No additional decisions will be required for or made by the bodies of the Company regarding the suspension of the trade in shares and withdrawal of the suspension, as well as by the bodies of the New Company regarding the inclusion of its shares into the exchange trade list.

8. TIME-LIMITS AND PROCEDURE OF ISSUANCE OF THE SHARES OF THE COMPANIES TO BE ACTIVE

- 8.1. The managers of the securities accounts chosen by the Company and the New Company shall make entries proving the ownership right of the Shareholders to the shares of the Companies to be Active not later than within 2 (two) working days after the Central Securities Depository opens the general account of financial instruments of the New Company.
- 8.2. After the managers of securities accounts of the Company and the New Company make the entries proving the ownership right of the Shareholders to the shares of the Company which continues the activities after the Spin-Off and to the shares of the New Company, a notice of the material event will be posted informing the Shareholders about the entries made.

9. DIFFERENCE IN PRICE BETWEEN THE SHARES HELD BY THE SHAREHOLDERS AND THE SHARES OF THE COMPANIES TO BE ACTIVE RECEIVED BY THE SHAREHOLDERS AFTER THE SPIN-OFF TO BE DISBURSED IN MONEY

- 9.1. Taking into consideration the rules for rounding off the number of shares provided for in items 7.7 and 7.10 of these Terms and Conditions, there will be no difference in the price of the shares when exchanging the shares. Consequently, there will not be any disbursements in money of any difference in price between the shares held by the Shareholders and the shares of the Companies to be Active received by the Shareholders after the Spin-Off.

10. MOMENT FROM WHICH THE SHAREHOLDERS OF THE COMPANY TAKING PART IN THE SPIN-OFF AND THE NEW COMPANY BECOME ENTITLED TO RECEIVE PROFIT OF THE COMPANIES AND ALL TERMS AND CONDITIONS RELATED TO SUCH ENTITLEMENT

- 10.1. Whereas the Company shall continue its activity after the Spin-Off, the right of its Shareholders to profit shall be valid and shall be determined according to the requirements of the LoC and following the amended Bylaws of the Company.
- 10.2. The right to profit provided for in the laws of the Republic of Lithuania and in the Bylaws of the New Company shall be granted unconditionally to the Shareholders of the New Company from the moment the managers of securities accounts chosen by the New Company make entries confirming the right of ownership of the Shareholders, who will become the shareholders of the New Company, to the shares of the New Company. The right to profit shall be exercised in accordance with the provisions of the LoC and other legal acts.

11. DESCRIPTION OF THE ASSETS, RIGHTS AND OBLIGATIONS OF THE COMPANY TAKING PART IN THE SPIN-OFF AND THEIR DISTRIBUTION TO THE COMPANIES TO BE ACTIVE AFTER THE SPIN-OFF

- 11.1. Following the requirements of the LNG and other legal acts, the Company has been keeping its accounts of natural gas transmission, distribution, supply and other activity separately since 2002. On 1 January 2002, based on the Description of the Accounting Procedure of the Activities, the initial separate balance sheets of the Company's activities was prepared, where the Company's assets, liabilities and equity were for the first time distributed for the relevant activities. From the drawing up of the initial separate balance sheets up to now the Company's assets, liabilities and equity, as well as revenues and expenses have been accounted by activities in accordance with the provisions of the Description of the Accounting Procedure of the Activities. The Description of the Accounting Procedure of the Activities was coordinated with the NCCPE under the procedure laid down by legal acts. The Company applies the same accounting principles both for the accounting of activities and for the accounting of segments preparing the financial statements. The Company's financial statements where information about the segments is disclosed are audited annually. Due to the reasons mentioned above, the Spin-Off balance sheet of the New Company reflects the financial results of the Transmission Activity as from 1 January 2002. The Balance Sheet of the New Company (a part of Spin-Off Balance Sheet) has been drawn up in accordance with the provisions of the Description of

the Accounting Procedure of the Activities and taking into consideration the requirements of the legal acts applicable to the Spin-Off.

- 11.2. Following the provisions of items 11.1 and 11.3 of the Terms and Conditions and the Main Principles of Drawing up the Spin-Off Balance Sheet, which are attached as Annex No. 3 to these Terms and Conditions, the Transmission Activity of the Company with all assets, rights and obligations attributed to it shall be unbundled from the Company in accordance with the balance sheet of the Transmission Activity during the Spin-Off and the New Company shall be established on the basis thereof.
- 11.3. The description of the assets, rights and obligations of the Company and their distribution to the Company which continues the activities after the Spin-Off and to the established New Company has been drawn up following the Spin-Off Balance Sheet, which has been prepared in accordance with the Main Principles for Drawing up the Spin-Off Balance Sheet (Annex No. 3 to the Terms and Conditions).
- 11.4. The New Company established after the Spin-Off shall be transferred all assets, rights and obligations assigned to the Transmission Activity, including:
 - 11.4.1. The Company's non-current assets listed in Annexes No. 4 and 5 hereof, the objects of construction in progress listed in Annex No. 6, the low-value inventories listed in Annex No. 7, and other inventories listed in Annex No. 8;
 - 11.4.2. The land plots held by the Company under the ownership and/or other right, managed and/or used by the Company, as well as and related obligations and rights to such land plots (on contractual and/or other grounds) as specified in Annexes No. 9 and 10;
 - 11.4.3. 640 000 shares of UAB GET Baltic (code 302861178, registered office Aguonų str. 24, Vilnius), amounting to 32 % of the authorised capital of UAB GET Baltic;
 - 11.4.4. The assets acquired after drawing up of the Spin-Off Balance Sheet, if such assets are attributed to the Spin-Off Part and are necessary to the TSO activity and/or related thereto as specified in the Transfer Deed;
 - 11.4.5. The rights and obligations (including the rights and obligations of general nature) arising from the 16 December 1999 Agreement No. 1Gli-2000 with OAO Gazprom "Regarding Volumes and Conditions of the Supply of Natural Gas for the Republic of Lithuania in 2000-2015", including the existent and/or future amendments of the Agreement to the extent these rights and obligations are related with the activities of the TSO (the transit of natural gas to Kaliningrad area and other issues);
 - 11.4.6. The Company's rights and obligations arising out of Credit Agreement No. 12-042561-IN of 22 October 2012 specified in Annex No. 11 hereof, including the existing and/or future amendments of the Credit Agreement. After the drawing up of the Spin-Off Balance Sheet until the Transfer Day the loan amount under the Credit Agreement may be increased up to EUR 72 million due to the need for additional funds for investments into the natural gas transmission systems and performance of the activity. The obligations arising as a result of the increased loan amount will be accordingly attributed to the New Company;
 - 11.4.7. Rights and obligations under other agreements concluded by the Company listed in Annex No. 11 to these Terms and Conditions;
 - 11.4.8. The rights and obligations under agreements that the Company will enter into after drawing up of the Spin-Off Balance Sheet, as listed in the Transfer Deed, if such agreements are attributed to the Spin-Off Part and are necessary for the TSO activity and/or related thereto;
 - 11.4.9. Outstanding rights and obligations under the purchase and sale transaction of the relevant assets of the Company, in case any assets attributed to the New Company as specified in Annexes No. 4 – 8 hereof are sold prior to the completion of the Spin-Off;

- 11.4.10. Rights and obligations arising out of negotiations regarding conclusion of agreements related to the TSO activity, which will be concluded after the day of signing of the Transfer Deed of the Assets under Transfer, rights and obligations arising out of public procurement procedures related to the TSO activity, which the Company will commence prior to the day of signing of the Transfer Deed and which (if any) shall be specified in the Transfer Deed. The New Company shall, accordingly, take over the rights and obligations specified in this item as of the day of signing of the Transfer Deed, as well as shall continue the public procurements procedures commenced by the Company, including the conclusion and signing of agreements and all other required documents with the winners of such public procurement procedures;
- 11.4.11. Rights and obligations arising out of court cases, claims, judicial proceedings or other disputes related to the TSO activity that the Company is involved in, irrespective of the fact whether such proceedings were initiated by other persons against the Company or by the Company against any natural or legal persons; such rights and obligations (if any) shall be specified in the Transfer Deed;
- 11.4.12. Rights and obligations (if any) related to the Company's membership in international, European Union, regional and other organisations to the extent it is related to the TSO activity, which shall be specified in the Transfer Deed;
- 11.4.13. All rights and obligations under employment contracts and other agreements concluded with the employees of the Company attributed to the TSO activity according to the positions listed in Annex No. 12 hereof.
- 11.5. The Company which continues the activities after the Spin-Off shall retain all assets, rights and obligations, including the rights and obligations under transactions, not referred to in item 11.4 of the Terms and Conditions and in Annexes No. 4 – 12, i.e. natural gas distribution, supply and other activities and the assets, rights and obligations attributed to these activities under the balance sheets of the relevant activities, including:
- 11.5.1. The shares (parts in the capital) owned by the Company in other companies, except the part of the shares of UAB GET Baltic transferred to the TSO as specified in item 11.4.3 hereof;
- 11.5.2. The Company's intellectual property (patents, trademarks, designs, copyright, etc., if any) and the assets, rights and obligations attributed to this part;
- 11.5.3. All assets of the Company which are not attributed to the Spin-Off Part, including the assets acquired after drawing up of the Spin-Off Balance Sheet, and which are necessary for uninterrupted operations of the natural gas distribution, supply or other activities of the Company and/or are related thereto;
- 11.5.4. The rights and obligations (including the rights and obligations of general nature) arising from the 16 December 1999 Agreement No. 1Gli-2000 with OAO Gazprom "Regarding Volumes and Conditions of the Supply of Natural Gas for the Republic of Lithuania in 2000-2015", including the existent and/or future amendments of the Agreement to the extent these rights and obligations have not been assigned to the Spin-Off Part (the rights and obligations related to the supply of natural gas to the Company shall be attributed to the Company which continues the activities);
- 11.5.5. All rights and obligations, including the rights and obligations under transactions not attributed to the Spin-Off Part, including outstanding rights and obligations under any purchase and sale transactions of the relevant assets of the Company, in case any assets not assigned to the Spin-Off Part are sold prior to completion of the Spin-Off;
- 11.5.6. All rights and obligations under employment contracts and other agreements concluded with the employees of the Company, the positions whereof are not specified in Annex No. 12 hereof.

- 11.6. In case any assets, rights and obligations which under these Terms and Conditions are attributed to any of the Companies to be Active are sold or transferred prior to the completion of the Spin-Off, the funds received/to be received under the purchase and sale contract of the relevant assets or under the contract of assignment of the rights and obligations shall be attributed to such Company to be Active, to which the relevant assets, rights and/or obligations were attributed in accordance with Annex No. 2.
- 11.7. In case the Company's rights and obligations arising out of one transaction (or in other cases when the relevant rights and obligations cannot be divided between the Companies to be Active) have to be attributed to both 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 separate part.
- 11.8. In case the tax administrator or representatives of the state authorities compute any amounts recoverable or payable after the completion of the Spin-Off, including fines and default interest for the Company's activities before the completion of the Spin-Off, such rights to overpayments or liabilities shall be borne by the Company, except for the rights to overpayments or liabilities arising out of the Transmission Activity and/or related thereto, as provided for in Article 91 of the Law on Tax Administration of the Republic of Lithuania.
- 11.9. The amount of the assets, equity and liabilities transferred to the New Company to be Active after the Spin-Off shall be determined and adjusted according to the changes within the period from 31 October 2012, the data whereof were used for drawing up the Spin-Off Balance Sheet and these Terms and Conditions, until the actual Transfer Day, taking into consideration all the changes in the assets, equity and liabilities conditioned by the Company's economic activity until the actual Transfer Day. The assets, equity and liabilities transferred will be reflected in the Final Spin-Off Balance Sheet as of the Transfer Day.
- 11.10. The Company's profit for the financial year 2012 will be appropriated, including the appropriation of part of such profit for dividends, in the Regular General Meeting of Shareholders of the Company which will take place in the spring of 2013. It is envisaged that the above-mentioned General Meeting of Shareholders will, in addition, consider the issues and make the relevant decisions regarding the re-appropriation of the Company's reserves and the payment of dividends:
- 11.10.1. To re-appropriate from other reserves of the Company LTL 160 million (one hundred sixty million litas 00 cents) to the distributable profit (result);
- 11.10.2. To allocate and disburse to the shareholders of the Company dividends, which would consist of part of the distributable profit of the Company in the amount equal to LTL 160 million (one hundred sixty million litas 00 cents) obtained after the re-appropriation of the relevant amount from other reserves of the Company.
- 11.11. Final decisions on the issues referred to in item 11.10 of the Terms and Conditions will be adopted by the General Meeting of Shareholders of the Company. The Shareholders will be informed about the decisions adopted by announcing the notices on the relevant material events. These Terms and Conditions will not be amended due to such decisions.

- 11.12. In case the General Meeting of Shareholders which will take place in the spring of 2013 adopts decisions provided for in items 11.10.1 and 11.10.2 hereof to re-appropriate other reserves or part thereof to the distributable profit and to disburse the relevant amount of the dividends, the equity (other reserves) and after the disbursement of dividends to the shareholders - the assets (cash and cash equivalents) of the Company which continues the activities after the Spin-Off would decrease by the amount which is allocated for dividends after the re-appropriation of other reserves of the Company. The equity and assets of the New Company formed after the Spin-Off would not change.

12. MOMENT AS OF WHICH THE ASSETS, RIGHTS AND OBLIGATIONS ARE TRANSFERRED TO THE COMPANIES TO BE ACTIVE

- 12.1. The Assets under Transfer specified in item 11 of the Terms and Conditions shall be transferred to the New Company by signing the Transfer Deed. Following Article 68(1) of the LoC, the assets, rights and obligations shall be transferred to the New Company as of the Transfer Day, unless otherwise provided for by these Terms and Conditions and/or legal acts.
- 12.2. Taking into consideration that the Licensing Regulations do not provide for a possibility for the Company to transfer the issued Licence to the New Company, the New Company shall start carrying out and shall carry out the activity provided for in the Licence from the day it obtains the Licence. Accordingly, the Company shall terminate the carrying out of the activity under the Licence as of such day. Immediately after the registration of the New Company in the Register of Legal Entities, the New Company shall apply for the issuance of the Licence under the procedure prescribed by legal acts.
- 12.3. It is planned that the Company will sign a Transfer Deed with the New Company as at the condition of the day, on which the Licence will be issued to the New Company.
- 12.4. The Company shall transfer to the New Company the documents related to the Assets under Transfer and the documents – studies related to the Transmission Activities, etc. by the Transfer Deed (in case it is impossible to transfer original documents, certified copies of the documents shall be transferred).
- 12.5. The Assets under Transfer shall remain the property of the Company until the Transfer Day. With the view of complying with the requirements of legal acts regarding the issuance of the Licence and to ensure the continuity, safety and reliability of the TSO activity as well as performance of the obligations and satisfaction of the requirements related thereto as provided for in legal acts, it shall be established that on the basis of these Terms and Conditions the Company and the New Company shall jointly manage and use the Assets under Transfer, rights, financial, managerial, technological capacities and other resources of the Company (including human resources) transferred by the Company to the New Company during the entire period from the moment of registration of the New Company in the Register of Legal Entities until the issuance of the Licence to the New Company and the transfer of the Assets under Transfer to it. The New Company shall use all Assets under Transfer and the Company's rights, capacities and resources referred to in this item on the basis of these Terms and Conditions until the Transfer Day to the extent necessary to obtain the Licence and other permissions, certificates, etc. necessary for the activity of the New Company and for the Licence and other permissions, certificates, etc. to come into force. In case the moment of the transfer of the Assets under Transfer does not coincide with the

moment of issuance of the Licence to the New Company for any reasons, the New Company shall have the right to manage and use fully the Assets under Transfer, the Company's financial, managerial, technological capacities and other Company's resources (including human resources) on the basis of these Terms and Conditions to the extent necessary for performance of the TSO activity from the issuance of the Licence until the Transfer Day.

- 12.6. Accordingly, the Assets under Transfer attributed to the New Company shall be considered the property of the New Company as of the Transfer Day. These Terms and Conditions and the Transfer Deed shall constitute the legal basis for the New Company to acquire all relevant rights to the Assets under Transfer, to register and/or re-register the Assets under Transfer and/or the rights related thereto in its own name, as well as carry out any other necessary changes of the data in registers.
- 12.7. The transfer of the employees attributed to the TSO activity shall be carried out on the basis of these Terms and Conditions as well as following the procedure defined in the LoC ensuring the continuity of their employment relations. The employees shall be treated as transferred to the New Company as of the entry into force of the new employment contracts or of the amendments to the employment contracts. When transferring the employees it shall be considered that the relations of the transferred employees shall continue in the New Company under the same terms and conditions as provided for in their employment contracts with the Company, unless it is agreed otherwise with such employees.
- 12.8. In order to ensure an uninterrupted and quality TSO activity, transactions with third parties and other actions of legal relevance related to TSO activity shall be made and carried out on behalf of the Company until the Transfer Day and shall be later transferred to the New Company together with the Assets under Transfer attributed to it on the basis of the Transfer Deed.
- 12.9. In case it is necessary to transfer specific Assets under Transfer attributed to the New Company hereunder earlier than other Assets under Transfer in order to enable the New Company to obtain the Licence and all other permissions, certificates, etc. necessary for the activity and to ensure the uninterrupted continuity of the TSO activity, specific transfer and acceptance deeds of the Assets under Transfer shall be made as necessary in a specific situation.
- 12.10. In case the transfer of the respective rights and obligations under the transactions or other rights and obligations requires approvals and/or authorisations of other parties to such transactions or state or municipal institutions, the Company until the completion of the Spin-Off and both Companies to be Active after the completion of the Spin-Off shall make every and all reasonable efforts in order to obtain such approvals and/or authorisations. If such approvals and/or authorisations are not obtained until the Transfer Day, both Companies to be Active 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.
- 12.11. The assets, rights and obligations transferred to the New Company may also be adjusted by additional documents (Transfer Deeds) to be made by the Companies to be Active after the Spin-Off.

13. MOMENT AS OF WHICH THE RIGHTS AND OBLIGATIONS UNDER TRANSACTIONS ARE TRANSFERRED TO THE COMPANIES TO BE ACTIVE AFTER THE SPIN-OFF AND SUCH TRANSACTIONS ARE RECORDED IN THE ACCOUNTING OF THESE COMPANIES

- 13.1. The rights and obligations under the transactions concluded by the Company with third parties as referred to in item 11 hereof shall be transferred to the New Company by signing Transfer Deeds as specified in item 12 of the Terms and Conditions, unless otherwise provided for in item 12 of these Terms and Conditions or in legal acts. Transactions shall be recorded in the accounting of the New Company as of the Transfer Day.

14. RIGHTS GRANTED BY THE COMPANIES TO BE ACTIVE AFTER THE SPIN-OFF TO THE HOLDERS OF SHARES OF DIFFERENT CLASSES, BONDS AND OTHER SECURITIES

- 14.1. All shares of the Companies to be Active after the Spin-Off shall be ordinary registered shares. There shall be no shares of different classes or bonds issued. Ordinary registered shares of the Companies to be Active after the Spin-Off shall grant to their holders all rights provided for in the LoC, CC and other legal acts, as well as in the Bylaws of the Companies to be Active.

15. SPECIAL RIGHTS GRANTED TO MEMBERS OF THE BODIES OF THE COMPANY TAKING PART IN THE SPIN-OFF AND OF THE NEW COMPANY, AND TO THE EXPERTS EVALUATING THE TERMS AND CONDITIONS

- 15.1. The structure of the bodies of the Company which continues the activities after the Spin-Off shall not change and the following bodies shall be retained in the Company:

- 15.1.1. General Meeting of Shareholders;
- 15.1.2. Board of the Company;
- 15.1.3. Chief Executive Officer of the Company;

- 15.2. The following bodies shall be formed in the New Company:

- 15.2.1. General Meeting of Shareholders;
- 15.2.2. Board of the Company;
- 15.2.3. Chief Executive Officer of the Company;

- 15.3. During the Spin-Off, the Chief Executive Officer of the Company shall be granted all the rights granted to him/her by legal acts of the Republic of Lithuania, concluded agreements and the Bylaws of the Company, including the rights:

- 15.3.1. To sign amendments to the Bylaws of the Company and the amended wording of the Bylaws of the Company (the draft is enclosed in Annex No. 13 of these Terms and Conditions), as well as other documents necessary to register the new wording of the Bylaws of the Company in the Register of Legal Entities, as well as submit them to the Register of Legal Entities on behalf of the Company;
- 15.3.2. To sign, execute and deliver the Transfer Deed and the Final Spin-Off Balance Sheet;
- 15.3.3. To sign and submit on behalf of the Company to the Shareholders a notice on material changes of the Company's assets, rights and obligations within the period between the drawing up of the Terms and Conditions and the General Meeting of Shareholders, the agenda whereof provides for the approval of the Company's Terms and Conditions (if

- necessary according to legal acts and/or the Company's managing body decides that such notice is necessary in a specific situation);
- 15.3.4. Carry out all and any actions necessary to implement the Spin-Off, unless such actions are attributed to the competence of the General Meeting of Shareholders of the Company or to the bodies of the New Company.
- 15.4. The managing bodies of the New Company shall, as of their election until the registration of the New Company in the Register of Legal Entities, be granted all the rights provided for to them by legal acts of the Republic of Lithuania, including the rights:
- 15.4.1. To sign and submit the Bylaws (the draft is enclosed in Annex No. 14 of these Terms and Conditions) and other documents of the New Company necessary to register the New Company in the Register of Legal Entities;
- 15.4.2. To sign, execute and deliver the Transfer Deed and the Final Spin-Off Balance Sheet;
- 15.4.3. To adopt decisions on other issues attributed to their competence according to the LoC, other legal acts and/or the Bylaws of the New Company.
- 15.5. Until the election of the relevant managing bodies of the New Company, the right to act on behalf of the New Company shall be granted to the relevant bodies of the Company.
- 15.6. The Chief Executive Officers of the Company and the New Company shall have the right to authorise other persons to carry out the actions they have and/or must carry out according to these Terms and Conditions or legal acts.
- 15.7. The General Meeting of Shareholders of the New Company shall be convened on the initiative and upon the decision of the Board of the Company. Following Article 69 of the LoC, the General Meeting of Shareholders of the New Company shall elect the members of the Board of the New Company and decide other issues attributed to the competence of the General Meeting of Shareholders of the New Company in relation to the Spin-Off. A meeting of the Board of the New Company shall take place not later than within 3 working days after the day of the General Meeting of Shareholders of the New Company, during which the Chief Executive Officer of the New Company shall be elected, as well other issues attributed to the competence of the Board of the New Company may be decided.
- 15.8. The experts evaluating the Terms and Conditions (the audit firm) shall be granted all rights provided for in legal acts, agreements concluded and these Terms and Conditions, including:
- 15.8.1. The right to obtain all necessary documents (copies thereof) and information necessary to prepare the evaluation report of the Terms and Conditions;
- 15.8.2. The right to use the documents and information referred to in item 15.8.1 for the purposes specified in the said item;
- 15.8.3. The right to obtain additional clarifications, if necessary to draw up the evaluation report of the Terms and Conditions.
- 15.9. The experts evaluating the Terms and Conditions (the audit firm) shall:
- 15.9.1. Use the information and documents referred to in item 15.8 hereof to the extent necessary to draw up the evaluation report of the Terms and Conditions;
- 15.9.2. To maintain the confidentiality of the documents and information provided to them and not to disclose them to any third parties, unless to the extent necessary to prepare the evaluation report of the Terms and Conditions.

16. MISCELLANEOUS

16.1. 8 (eight) counterparts of these Terms and Conditions of the same legal power have been drawn up and approved; the National Control Commission for Prices and Energy, the Notary Office, the Centre of Registers Vilnius Branch, the Bank of Lithuania, the State Property Fund, the audit firm and the Companies to be Active shall each be given one counterpart hereof. Any disputes arising regarding these Terms and Conditions shall be solved under the procedure prescribed by laws of the Republic of Lithuania.

16.2. These Terms and Conditions were executed on 30 January 2013.

17. ANNEXES TO THE TERMS AND CONDITIONS

The following annexes are enclosed to the Spin-off Terms and Conditions:

Annex No. 1. Set of Interim Financial Statements of the Company as of 31 October 2012;

Annex No. 2. Spin-Off Balance Sheet;

Annex No. 3. Main Principles for Drawing Up the Spin-Off Balance Sheet;

Annex No. 4. List of Non-Current Assets Attributed to the Spin-Off Part;

Annex No. 5. List of Assets to be Registered Attributed to the Spin-Off Part;

Annex No. 6. List of Objects of Construction in Progress Attributed to the Spin-Off Part;

Annex No. 7. List of Low-Value Inventories Attributed to the Spin-Off Part;

Annex No. 8. List of Other Inventories Attributed to the Spin-Off Part;

Annex No. 9. List of Administrative Deeds Establishing Rights to Real Estate and Obligations Attributed to the Spin-Off Part;

Annex No. 10. List of Agreements Establishing Rights to Real Estate and Obligations Attributed to the Spin-Off Part;

Annex No. 11. List of other Agreements Establishing Rights to and Obligations against Third Persons Attributed to the Spin-Off Part;

Annex No. 12. List of Employee Positions Attributed to the Spin-Off Part;

Annex No. 13. Draft Bylaws of the Company;

Annex No. 14. Draft Bylaws of the New Company.



Dr. Achim Saul

The Chairman of the Board of Directors