

Unofficial translation

TERMS OF REORGANISATION

OF LITGRID TURTAS AB

AND

LITGRID AB

20 December 2010
Vilnius

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1. TERMS AND DEFINITIONS

- 1.1. Capitalised terms used in these Reorganisation Terms shall have the following meanings, except in cases where they have different meanings in a particular context:
- 1.1.1. **“Lietuvos Energija AB”** means public limited company LIETUVOS ENERGIJA established and operating under the laws of the Republic of Lithuania whose legal entity number is 220551550, VAT number LT205515515, registered office is located at Elektrinės g. 21, Elektrėnai, Republic of Lithuania.
- 1.1.2. **“Law on Companies”** means the Law on Companies of the Republic of Lithuania No VIII-1835 of 13 July 2000 (with subsequent amendments and supplements).
- 1.1.3. **“Companies”** or **“Company”** means LITGRID turtas AB participating in Reorganisation and LITGRID AB under Reorganisation collectively or each individually.
- 1.1.4. **“Civil Code”** means the Civil Code of the Republic of Lithuania approved by Law No VIII-1864 of 18 July 2000 (with subsequent amendments and supplements).
- 1.1.5. **“Register of Legal Entities”** means the Register of Legal Entities of the Republic of Lithuania established by Resolution No 1407 of the Government of the Republic of Lithuania of 12 November 2003 establishing the Register of Legal Entities and approving the Regulations of the Register of Legal Entities (Official Gazette Valstybės Žinios, 13 November 2003, No 107, Publ. No 4810).
- 1.1.6. **“Licence”** means an electricity transmission licence granting the right to engage in electricity transmission activities to be obtained by LITGRID turtas AB in accordance with the procedure established by legal acts in the course of Reorganisation before the removal of LITGRID AB from the Register of Legal Entities.
- 1.1.7. **“LITGRID”** means LITGRID AB, a public limited company established and operating under the laws of the Republic of Lithuania, whose legal entity number is 302449655, VAT number LT100005013315, registered office is located at A. Juozapavičiaus g. 13, Vilnius, Republic of Lithuania, 100% of the shares of which are owned by LITGRID turtas AB on the date of conclusion of Reorganisation Terms and which will be merged with LITGRID turtas AB and will cease its activities as a legal entity after Reorganisation.
- 1.1.8. **“LITGRID TURTAS”** means LITGRID turtas AB, a public limited company established and operating under the laws of the Republic of Lithuania, whose legal entity number is 302564383, VAT number is LT100005748413, registered office is located at A. Juozapavičiaus g. 13, Vilnius, Republic of Lithuania, which will operate until the end of Reorganisation and will continue operating after Reorganisation, and which will be transferred all assets, rights and obligations of LITGRID AB.
- 1.1.9. **“New Version of the Articles of Association”** means a new version of the Articles of Association of LITGRID turtas AB, the draft of which is attached to these Reorganisation Terms (Annex 5), and which will be registered in the Register of Legal Entities in accordance with the procedure laid down in these Reorganisation Terms and applicable legislation.
- 1.1.10. **“Law on Corporate Income Tax”** means the Law of the Republic of Lithuania on Corporate Income Tax No IX-675 of 20 December 2001 (with subsequent amendments and supplements).
- 1.1.11. **“Acceptance Certificate”** means the acceptance certificate (irrespective of the name) drawn up by LITGRID AB that will cease its activities after Reorganisation and LITGRID turtas AB that will continue its activities after Reorganisation under these Reorganisation Terms, based on which all assets, rights and obligations of LITGRID AB are actually transferred to LITGRID turtas AB. In the event of conclusion of several acceptance documents on the transfer of the assets, rights and obligations of LITGRID AB to

- LITGRID turtas AB, the “**Acceptance Certificate**” means the entirety of all such acceptance documents.
- 1.1.12. “**Date of Transfer**” means the date of transfer of the assets, rights and obligations of LITGRID AB to LITGRID turtas AB in accordance with the procedure and conditions set forth in the Reorganisation Terms, as specified in paragraph 7.5 of the Reorganisation Terms.
- 1.1.13. “**Transmission System Operator’s Activities**” or “**TSO Activities**” means (i) the activities of management, operation, development, maintenance and repair of electricity transmission networks and interconnecting lines with other electricity systems carried out by LITGRID turtas AB either directly or indirectly (via subsidiaries); (ii) activities related to the performance of the functions of national balancing, dispatcher control and the provision of system services in the electricity sector; ensuring of reliability, integrity and compatibility of electricity system operation; and (iii) other activities related to electricity transmission and ensuring of reliability, integrity and compatibility of electricity system operation.
- 1.1.14. “**Transmission System Assets**” means high-voltage electricity transmission networks functioning in an interoperable mode and their technological appurtenances, including transformer substations, distribution units and interconnecting lines and other assets directly related to TSO activities that are owned by LITGRID turtas AB.
- 1.1.15. “**Assets, Rights and Obligations Transferred**” means all the assets, rights and obligations of LITGRID AB transferred to LITGRID turtas AB in accordance with the procedure, terms and conditions set forth in these Reorganisation Terms, as stipulated in paragraph 7.1 of the Reorganisation Terms, drawing up the Acceptance Certificate or Acceptance Certificates.
- 1.1.16. “**VAT**” means value added tax fixed by the Law on VAT.
- 1.1.17. “**Law on VAT**” means the Law of the Republic of Lithuania on Value Added Tax No IX-751 of 5 March 2002 (with subsequent amendments and supplements).
- 1.1.18. “**Reorganisation**” means reorganisation of the Companies performed in accordance with the Civil Code, the Law on Companies and other relevant legal acts of the Republic of Lithuania by merging LITGRID AB that will cease its activities and will cease to exist as a legal entity after Reorganisation with LITGRID turtas AB that will continue its activities after Reorganisation.
- 1.1.19. “**Reorganisation Terms**” means these terms of reorganisation of the Companies prepared by the Boards of the Companies (including all annexes and supplements to the Reorganisation Terms as well as other documents attached to these Reorganisation Terms).
- 1.1.20. “**Date of Conclusion of Reorganisation Terms**” means the date of approval of the prepared draft Reorganisation Terms by the Boards of the Companies in accordance with the Decision of the Extraordinary General Meeting of Shareholders of LITGRID turtas AB of 17 December 2010 and the Sole Shareholder’s Decision of LITGRID AB of 17 December 2010 that are attached to the Reorganisation Terms (Annexes 1 and 2).
- 1.1.21. “**Decision on Reorganisation**” means decisions of the General Meeting of Shareholders of LITGRID turtas AB and LITGRID AB on reorganisation of the Companies by merger approving these Reorganisation Terms and the New Version of the Articles of Association as well as resolving other issues related to Reorganisation that must be or should be resolved under the applicable legal acts of the Republic of Lithuania.
- 1.1.22. “**VAE**” means Visagino Atominė Elektrinė UAB, a public limited company established and operating under the laws of the Republic of Lithuania, whose legal entity number is 301844044, VAT number LT100004278519, registered office is located at Žvejų g. 14, Vilnius, Republic of Lithuania, which is a shareholder of LITGRID turtas AB and holds approximately 97.5% of the shares of LITGRID turtas AB.

- 1.2. Words used in the Reorganisation Terms 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 used in the Reorganisation Terms are used only for convenience purposes and shall have no impact on the meaning or interpretation of the Reorganisation Terms. Each time words such as “includes”, “including” or words with a similar meaning are used in the Reorganisation Terms, it shall be deemed that they are followed by the words “not limited to”.
- 1.3. A reference to a particular article, paragraph or subparagraph in the Reorganisation Terms shall mean a reference to that particular article, paragraph or subparagraph of these Reorganisation Terms, unless otherwise stipulated.
- 1.4. Dates of adoption of the laws referred to in the Reorganisation 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 Reorganisation Terms. Any further reference in the Reorganisation Terms to the respective law shall contain only the name of the law.

2. INFORMATION ON THE COMPANY UNDER REORGANISATION AND THE COMPANY PARTICIPATING IN REORGANISATION

2. 1. Pursuant to Article 63(9) of the Law on Companies, from the date of publication of conclusion of the Reorganisation Terms, LITGRID that will cease to exist as a legal entity after Reorganisation shall gain the status of the Company under Reorganisation, and LITGRID TURTAS that will continue activities after Reorganisation shall gain the status of the Company participating in Reorganisation.
2. 2. Information on the Company participating in Reorganisation:
 - Name: LITGRID turtas AB;
 - Legal form: public limited company;
 - Registered office: A. Juozapavičiaus g. 13, Vilnius, Republic of Lithuania;
 - Legal entity number: 302564383;
 - VAT number: LT100005748413;
 - Register in which the data on the Company are accumulated and stored: Register of Legal Entities (Vilnius Branch of State Enterprise Centre of Registers);
 - Authorised capital: LTL 504 331 380 (five hundred and four million three hundred thirty-one thousand three hundred eighty litas) divided into 504 331 380 (five hundred and four million three hundred thirty-one thousand three hundred eighty litas) registered ordinary shares with a par value of LTL 1 (one litas), issue (ISIN) code LT0000128415;
 - Amount of 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;
 - On the date of conclusion of the Reorganisation Terms, the shareholders of LITGRID turtas AB own 100% of the shares of LITGRID turtas AB, including: (i) VAE owns 491 736 153 (four hundred ninety-one million seven hundred thirty-six thousand one hundred fifty-three) registered ordinary shares, which account for approximately 97.5% of all shares of LITGRID turtas AB; and (ii) minority shareholders own 12 595 227 (twelve million five hundred ninety-five thousand two hundred twenty-seven) registered ordinary shares, which account for approximately 2.5% of all shares of LITGRID turtas AB;

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- A set of interim financial statements drawn up on 30 November 2010 is attached to these Reorganisation Terms (Annex 3);
- LITGRID turtas AB shall be deemed the issuer under the Law on Securities of the Republic of Lithuania. On 19 November 2010, LITGRID turtas AB applied for the inclusion of its shares in the Secondary Trading List of NASDAQ OMX Vilnius. The shares of LITGRID turtas AB will be included in the Secondary Trading List of NASDAQ OMX Vilnius after the Board of NASDAQ OMX Vilnius has taken a relevant decision. All regulated information published by LITGRID turtas AB is available on the website of LITGRID turtas AB at www.litgrid.eu, Central Storage Facility www.crib.lt, as well as the website of NASDAQ OMX Vilnius Stock Exchange at www.nasdaqomxbaltic.com from the start of trading on the bourse.

2.3. Information on the Company under Reorganisation:

- Name: LITGRID AB;
- Legal form: public limited company;
- Registered office: A. Juozapavičiaus g. 13, Vilnius, Republic of Lithuania;
- Legal entity number: 302449655;
- Register in which the data on the Company are accumulated and stored: Register of Legal Entities (Vilnius Branch of State Enterprise Centre of Registers);
- Authorised capital: LTL 9 747 612 (nine million seven hundred forty-seven thousand six hundred and twelve litas) divided into 9 747 612 (nine million seven hundred forty-seven thousand six hundred and twelve) registered ordinary shares with a part value of LTL 1 (one litas), issue (ISIN) code LT0000128365;
- Amount of paid-up authorised capital: LTL 9 747 612 (nine million seven hundred forty-seven thousand six hundred and twelve litas);
- Period of activity: unlimited;
- On the date of conclusion of the Reorganisation Terms, all shares (100%) of LITGRID AB shall be owned by LITGRID turtas AB;
- A set of interim financial statements drawn up on 30 November 2010 is attached to these Reorganisation Terms (Annex 4).

2.4. No new legal entity shall be established upon Reorganisation.

3. OBJECTIVES AND PRINCIPLES OF REORGANISATION. THE COMPANY CEASING TO EXIST AFTER REORGANISATION AND THE COMPANY TO BE ACTIVE AFTER REORGANISATION

3.1. Objectives of Reorganisation:

- 3.1.1. The aim to ensure that the operating model of the Lithuanian electricity sector complies with the National Energy Strategy and the requirements of the third legislative package on European Union energy meant for liberalisation of electricity and natural gas markets, and facilitates connection of the Lithuanian electricity system to the electricity networks of continental Europe.
- 3.1.2. To create conditions for legal independence of electricity transmission activities and its effective segregation from other activities of the electricity sector.
- 3.1.3. To create conditions for reliable and effective electricity transmission and stability of the energy system in Lithuania, optimisation of electricity transmission activities as well as full formation of a bloc of electricity transmission companies, creating a single company performing Transmission System Operator's Activities and operating Transmission System Assets.

- 3.1.4. Seeking to achieve the abovementioned objectives, the Republic of Lithuania has chosen to implement one of the alternatives of segregation of electricity sector activities established by the third legislative package on EU energy, i.e. ownership unbundling. The respective decision was adopted by Resolution No 517 of the Government of the Republic of Lithuania of 4 May 2010 approving the concept of Law Amending the Law on Electricity of the Republic of Lithuania and is regulated by draft Law Amending the Law on Electricity of the Republic of Lithuania No XIP-2656 submitted by the Government of the Republic of Lithuania. Such reorganisation of vertically integrated energy companies operating in the electricity sector ensures effective segregation of electricity transmission activities not only from electricity generation and supply but also from distribution activities and their commercial interests. Therefore, the first step towards such reorganisation was taken on 16 November 2010, i.e. when the spin-off of Lietuvos Energija AB took place and a new company, LITGRID TURTAS, was established based on a part of the assets, rights and obligations of Lietuvos Energija AB. A part of the assets, rights and obligations of Lietuvos Energija AB related to electricity transmission activities (including all LITGRID shares owned by Lietuvos Energija AB) was transferred to LITGRID TURTAS on 1 December 2010 based on Lietuvos Energija AB Spin-Off Terms approved at the Extraordinary General Meeting of Shareholders of Lietuvos Energija AB on 28 October 2010. In order to fully achieve the abovementioned objectives, LITGRID must be merged with LITGRID TURTAS, transferring all assets, rights and obligations of LITGRID to the latter.
- 3.2. During the Reorganisation, all Reorganisation 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 Reorganisation actions stipulated in the Reorganisation Terms.
- 3.3. The principles indicated in paragraph 3.2 of the Reorganisation Terms shall mean that all time-limits set forth in the Reorganisation Terms, the Civil Code, the Law on Companies and other relevant legal acts of the Republic of Lithuania for performing actions relating to Reorganisation shall be viewed as maximum time-limits and all such actions shall be performed accordingly as soon as possible, unless it contradicts the provisions of legal acts of the Republic of Lithuania. All Reorganisation actions shall be performed within the time-limits set forth in the Reorganisation Terms, except for the cases where such time-limits cannot be complied with because the Reorganisation process has been suspended and/or imperative provisions of legal acts prohibit the performance of the actions within the time-limits set forth in the Reorganisation Terms.
- 3.4. The company that will cease to exist after Reorganisation is LITGRID, the company under reorganisation that will cease its activities as a legal entity after Reorganisation. LITGRID shall be removed from the Register of Legal Entities no earlier than after (i) registration of the New Version of the Articles of Association in the Register of Legal Entities; (ii) transfer of the assets, rights and obligations of LITGRID to LITGRID TURTAS; and (iii) issuance of the Licence to LITGRID TURTAS and its entry into force.
- 3.5. The company to be active after Reorganisation is LITGRID TURTAS participating in Reorganisation that will continue its activities as a legal entity after Reorganisation and will take over all assets, rights and obligations of LITGRID and will be issued the Licence. Upon registering the New Version of the Articles of Association, LITGRID TURTAS identification data shall remain the same as indicated in paragraph 2.2 of Reorganisation Terms.

4. MODE OF REORGANISATION AND LEGAL CONDITIONS OF REORGANISATION

- 4.1. Mode of Reorganisation:

- 4.1.1. Reorganisation is performed and these Reorganisation Terms have been prepared in accordance with the Civil Code, the Law on Companies and other legal acts of the Republic of Lithuania.
- 4.1.2. Based on these Reorganisation Terms, LITGRID TURTAS and LITGRID are reorganised under Article 2.97(3) of the Civil Code by merging LITGRID which will cease its activities as a legal entity after Reorganisation with LITGRID TURTAS which will continue its activities after Reorganisation and to which all assets, rights and obligations of LITGRID will be transferred after Reorganisation.
- 4.1.3. Whereas LITGRID, the company under reorganisation, will be merged with LITGRID TURTAS, the sole shareholder of LITGRID, Reorganisation will be performed according to the simplified reorganisation procedure set forth in Article 2.103 of the Civil Code and Article 70(1) of the Law on Companies.
- 4.1.4. Whereas the simplified reorganisation procedure will be applied to Reorganisation, the provisions of Article 2.99(3) and Article 2.100 of the Civil Code and Article 63(1)(4),(5),(6),(7), Article 63(2),(3),(4),(5), Article 64, Article 65(2)(4),(5) and Article 67(1),(2),(3),(5) shall not apply to Reorganisation. Therefore, inter alia, an audit company will not carry out an evaluation of the Reorganisation Terms and the Boards of the Companies will not prepare a written report on the planned Reorganisation.
- 4.2. Legal conditions of Reorganisation:
- 4.2.1. The authorised capital of the Companies (the issue price of shares of the last issue) is fully paid-up.
- 4.2.2. The Reorganisation Terms have been prepared by the Boards of the Companies in accordance with (i) the Decision of the Extraordinary General Meeting of Shareholders of LITGRID TURTAS of 17 December 2010, which is attached to the Reorganisation Terms (Annex 1); and (ii) the Sole Shareholder's Decision of LITGRID of 17 December 2010, which is attached to the Reorganisation Terms (Annex 2).
- 4.2.3. The Companies have not acquired the status of a company in liquidation.
- 4.3. The merger of LITGRID with LITGRID TURTAS corresponds to the merger provided for in Article 41(2)(3) of the Law on Corporate Income Tax, i.e. all assets, rights and obligations of a company ceasing its activities without liquidation shall be transferred to another company controlling 100% of its shares. Under Article 42(2) of the Law on Corporate Income Tax, where a company transfers its assets to another company in the cases set out in Article 41 of the Law on Corporate Income Tax, an increase in the value of assets shall not be deemed income of the company transferring the assets. In such a case, the purchase price of the assets for LITGRID TURTAS that will own the transferred assets of LITGRID shall be the purchase price that existed prior to the transfer of ownership of the assets at the company that transferred the assets, i.e. LITGRID.
- 4.4. Under Article 9(3) of the Law on VAT, transfer of any object of the right of ownership due to the winding-up of a legal entity that is a VAT payer by way of reorganisation, where input and/or import VAT on the object of the right of ownership or a part thereof was included in the VAT report of the VAT payer being wound up shall be treated as supply of goods for remuneration. Based on these provisions, the transfer of LITGRID assets to LITGRID TURTAS due to the merger with LITGRID TURTAS, where VAT on these assets or a part thereof has been included in the VAT report of LITGRID, shall be treated as supply of goods for remuneration. Pursuant to Article 96(1) of the Law on VAT, VAT shall be calculated by the VAT payer taking over the objects of the right of ownership, i.e. LITGRID TURTAS. Whereas these VAT amounts can be deducted just like other input VAT, the amount of VAT paid to the budget by LITGRID TURTAS shall not increase.

5. PERFORMANCE AND COMPLETION OF REORGANISATION

- 5.1. The preparation and approval of draft Reorganisation Terms shall be publicly announced by the Companies in accordance with the procedure laid down in the Law on Companies and other legal acts of the Republic of Lithuania.
- 5.2. The Reorganisation Terms shall be submitted to the Register of Legal Entities in accordance with the procedure laid down in legal acts of the Republic of Lithuania.
- 5.3. Reorganisation provided for in the Reorganisation Terms shall be performed if the Decision on Reorganisation is taken at General Meetings of Shareholders of the Companies.
- 5.4. The Decision on Reorganisation shall be taken no earlier than 30 (thirty) calendar days from the public announcement of preparation of the Reorganisation Terms.
- 5.5. Reorganisation shall be deemed completed after all of the following actions are taken: (i) the New Version of the Articles of Association is registered in the Register of Legal Entities; and (ii) LITGRID is removed from the Register of Legal Entities.

6. NUMBER OF SHARES OF THE COMPANY TO BE ACTIVE AFTER REORGANISATION BY CLASS AND THEIR PAR VALUE

- 6.1. Whereas Article 67(4) of the Law on Companies stipulates that “<...> the shares of a company being wound up after reorganisation acquired by the company to be active after the reorganisation <...> shall not be exchanged for shares of the company to be active after the reorganisation,” the shares of reorganised LITGRID shall not be exchanged for the shares of LITGRID TURTAS to be active after Reorganisation.
- 6.2. Based on paragraph 6.1 of the Reorganisation Terms, the authorised capital of LITGRID TURTAS to be active after Reorganisation shall not change and shall remain the same as on the date of conclusion of the Reorganisation Terms, i.e. shall be equal to LTL 504 331 380 (five hundred and four million three hundred thirty-one thousand three hundred eighty litas), which shall be divided into 504 331 380 (five hundred and four million three hundred thirty-one thousand three hundred eighty) registered ordinary shares with a part value of LTL 1 (one litas) each.
- 6.3. Based on paragraphs 6.1 and 6.2 of the Reorganisation Terms, after Reorganisation, LITGRID TURTAS shall not place a new share issue and no new shares of LITGRID TURTAS shall be issued to the shareholders of LITGRID TURTAS.

7. PROCEDURE AND DEADLINES FOR THE TAKING-OVER OF ASSETS, RIGHTS AND OBLIGATIONS

- 7.1. LITGRID TURTAS, which continues operating after the Reorganisation, shall take over all assets owned by the property right or otherwise managed by LITGRID, as well as all transactions, rights and obligations (including rights and obligations related to assets owned by the property right or otherwise managed by LITGRID, all long-term and short-term financial and other liabilities, accounts receivable and accounts payable) acquired/assumed both before the Date of Conclusion of the Reorganisation Terms and afterwards, i.e. all activities undertaken by LITGRID as the entirety of assets, rights and obligations (hereinafter referred to as the **Assets, Rights and Obligations Transferred**), which shall be established in the Reorganisation Terms as of 30 November 2010 on the basis of interim financial statements of LITGRID dated 30 November 2010 and the composition of which as of the actual transfer shall be established and specified in the Acceptance Certificate on the basis of the actual standing on the day of the Acceptance

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Certificate and with due consideration to any changes resulting from the economic activities of LITGRID, as provided by these Reorganisation Terms stated below (except for the rights and obligations of LITGRID that the peremptory rules of law of the Republic of Lithuania forbid to transfer or that cannot be transferred to any other person at the time of the Reorganisation), including but not limited to the following assets, rights and obligations transferred to LITGRID TURTAS:

- 7.1.1. All assets of LITGRID, including:
 - 7.1.1.1. All fixed assets of LITGRID listed in Annex 6 to the Reorganisation Terms.
 - 7.1.1.2. All shares of BALTPPOOL UAB (legal entity number 302464881, registered office at A. Juozapavičiaus g. 13, Vilnius, Republic of Lithuania) owned by LITGRID by the property right, i.e. 318,000 (three hundred and eighteen thousand) shares or 100% of all shares of BALTPPOOL UAB.
 - 7.1.1.3. All shares of Technologijų ir inovacijų centras UAB (legal entity number 302527488, registered office at Žvejų g. 14, Vilnius, Republic of Lithuania) owned by LITGRID by the property right, i.e. 2,300,000 (two million and three hundred thousand) shares or approximately 5.19% of all shares of Technologijų ir inovacijų centras UAB.
 - 7.1.1.4. All shares of NT Valdos UAB (legal entity number 300634954, registered office at Geologų g. 16, Vilnius, Republic of Lithuania) owned by LITGRID by the property right, i.e. 1,740 (seventeen hundred and forty) shares or 0.06% of all shares of NT Valdos UAB.
- 7.1.2. All rights and obligations under all contracts entered into by LITGRID listed in Annex 7 to the Reorganisation Terms.
- 7.1.3. All employees of LITGRID listed in Annex 8 to the Reorganisation Terms. LITGRID TURTAS shall take over all employment contracts concluded with these employees, as well as all rights and obligations of the employer, except for such employees of LITGRID and their employment contracts regarding which these Reorganisation Terms provide otherwise. Employment relationship of employees transferred to LITGRID TURTAS shall not break, their rights, obligations and duties under their employment contracts, including their length of service, shall remain the same, and their employment relationship shall continue at LITGRID TURTAS.
- 7.1.4. All studies and scientific research carried out by LITGRID, and also all related rights and obligations, if any.
- 7.1.5. All intellectual property rights (patents, trademarks, design, copyright, etc.), if any.
- 7.1.6. All rights and obligations arising from negotiations for the conclusion of contracts, which shall be concluded after the date of the Acceptance Certificate; also, all rights and obligations arising from public tendering procedures, if any, commenced by LITGRID prior to the date of the signature of the Acceptance Certificate and stated in the Acceptance Certificate. LITGRID TURTAS shall respectively take over the rights and obligations stated in this paragraph as of the signature of the Acceptance Certificate and shall continue the public tendering procedures commenced by LITGRID, including the award and signature of contracts and any other documents with the successful tenderers of such public tendering procedures.
- 7.1.7. All rights and obligations arising from trials, claims, legal proceedings or other disputes involving LITGRID, irrespective of whether such proceedings were initiated by other persons against LITGRID or by LITGRID against other natural persons or legal entities; such rights and obligations, if any, shall be stated in the Acceptance Certificate.
- 7.1.8. All rights to manage, use and dispose funds of LITGRID at bank and in hand, as well as bank accounts, or such accounts shall be closed at the discretion of LITGRID TURTAS and funds shall be transferred to accounts of LITGRID TURTAS. If the said accounts of LITGRID are not closed and funds are not transferred to accounts of LITGRID

- TURTAS, such accounts shall be held by LITGRID TURTAS, which shall be entitled to manage, use and dispose them.
- 7.1.9. All rights to all licences, permits and/or authorisations held by LITGRID that are necessary for carrying out the Transmission System Operator's Activities, provided the laws and regulations of the Republic of Lithuania allow such transfer of rights.
- 7.1.10. All rights and obligations related to the membership of the electricity transmission system operator of the Republic of Lithuania in international, EU, regional and national associations, agencies and other organisations ensuring the proper representation of the interests of the energy system of the Republic of Lithuania, seeking the compatibility and integrity of the public energy system as well as the development of a competitive domestic energy market.
- 7.2. The Assets, Rights and Obligations Transferred shall be transferred to LITGRID TURTAS under the terms, conditions and procedure prescribed by these Reorganisation Terms in line with the Acceptance Certificate (all documents that form the Acceptance Certificate) as of the signature of such Acceptance Certificate; such Assets, Rights and Obligations Transferred shall be deemed to be the assets, rights and obligations of LITGRID TURTAS as of the signature of the Acceptance Certificate. More than one Acceptance Certificate can be drawn up. These Reorganisation Terms and the Acceptance Certificate shall be the legal basis for LITGRID TURTAS to take over the Assets, Rights and Obligations Transferred.
- 7.3. The Assets, Rights and Obligations Transferred shall be described and transferred to LITGRID TURTAS on the basis of interim financial statements of LITGRID dated 30 November 2010, with due consideration to any changes resulting from the economic activities of LITGRID prior to the actual Date of Transfer.
- 7.4. With due consideration to paragraph 7.3 of the Reorganisation Terms, the composition of the Assets, Rights and Obligations Transferred as of the actual transfer shall be established in the Acceptance Certificate on the basis of the actual standing on the day of the Acceptance Certificate. The Assets, Rights and Obligations Transferred can be further specified by additional documents forming an integral part of the Acceptance Certificate. The Assets, Rights and Obligations Transferred shall be transferred to LITGRID TURTAS at their balance-sheet value.
- 7.5. LITGRID TURTAS is expected to take over the Assets, Rights and Obligations Transferred from LITGRID on a certain date prior to the issue of the Licence to LITGRID TURTAS and prior to the date such Licence comes into force (hereinafter referred to as the **Date of Transfer**). Therefore, following the adoption of the Decision on Reorganisation and pursuant to the Reorganisation Terms approved by the Decision on Reorganisation, LITGRID TURTAS shall promptly apply for the licence following the procedure prescribed by the laws and regulations of the Republic of Lithuania in order to commence the taken-over operations of the LITGRID as soon as possible following the Reorganisation. Once the date of granting and enforcement of the Licence is known, which is expected to be before 31 July 2011, the Acceptance Certificate shall be drawn up and signed on the Date of Transfer (i.e. on a certain date prior to the date the Licence comes into force). Managers of LITGRID and LITGRID TURTAS or their authorised representatives shall sign the Acceptance Certificate on behalf of LITGRID and LITGRID TURTAS.
- 7.6. Assets, rights and obligations of LITGRID that may occur after the signature of the Acceptance Certificate shall be deemed to be transferred to LITGRID TURTAS to be active after the Reorganisation. If such assets rights and obligations of LITGRID occur after the signature of the Acceptance Certificate but before the deregistration of LITGRID from the Register of Legal Entities, an additional Acceptance Certificate shall be drawn up in reference to such assets rights and obligations of LITGRID.
- 7.7. The transfer of Assets, Rights and Obligations Transferred to LITGRID TURTAS, which is subject to registration, if any, must be registered according to the peremptory rules of

law, provided such registration is required. Such registration shall be carried out promptly after the signature of the Acceptance Certificate, unless the mandatory rules of law provide otherwise. These Reorganisation Terms and the Acceptance Certificate shall be the legal basis for the registration and re-registration the Assets, Rights and Obligations Transferred to LITGRID TURTAS, also for the amendment of certificates or required data in registers and in any enterprises, institutions and authorities.

- 7.8. LITGRID shall transfer documents to LITGRID TURTAS pertaining to the Assets, Rights and Obligations Transferred (certified copies of documents shall be transferred, if the authentic copies of documents cannot be transferred) following the same procedure and deadlines as applicable to the transfer of the Assets, Rights and Obligations Transferred.
- 7.9. The validity of the rights, obligations and transactions of LITGRID shall not be influenced by the fact of Reorganisation, unless the Reorganisation Terms provide otherwise.
- 7.10. As of the signature of the Acceptance Certificate the rights and obligations of LITGRID as well as the rights and obligations under transactions and the concluded transactions shall pass to LITGRID TURTAS and become the rights and obligations of LITGRID TURTAS and the transactions concluded by LITGRID TURTAS, unless the peremptory rules of law provide otherwise.
- 7.11. As of the signature of the Acceptance Certificate all transaction of LITGRID shall pass to LITGRID TURTAS, and all such transactions shall be recorded in the books of LITGRID TURTAS, unless the peremptory rules of law or the Reorganisation Terms provide otherwise.
- 7.12. As of the adoption of the Decision on Reorganisation LITGRID TURTAS shall be entitled to use the assets, rights and other resources (including technological and human resources) of LITGRID on the basis of these Reorganisation Terms to the extent such use is required to obtain permits and certificates required for carrying out the activities authorised by the Licence and other activities of LITGRID TURTAS, including the Transmission System Operator's Activities, also to ensure the validity of such permits and certificates, and to discharge obligations and meet the requirements related thereto prescribed by the laws and regulations.
- 7.13. In order to ensure the continuity and stability of the TSO Activities, prior to the granting of the Licence to LITGRID TURTAS and its enforcement all transactions with the third party and other legally binding actions related to the TSO Activities shall be concluded and performed on behalf of LITGRID, unless a particular situation required otherwise, and later transferred to LITGRID TURTAS.
- 7.14. As of the Date of Transfer, LITGRID shall be entitled to use the assets, rights and other resources (including technological and human resources) of LITGRID TURTAS on the basis of these Reorganisation Terms to the extent such use is required to ensure the continuity, safety and reliability of the Transmission System Operator's Activities and to discharge obligations and meet the requirements related thereto prescribed by the laws and regulations, prior to the granting of the Licence to LITGRID TURTAS and its enforcement.
- 7.15. In order for LITGRID TURTAS to obtain a Licence as well as any permits and certificates required to engage in corporate activities, including the Transmission System Operator's Activities, and in order to ensure an uninterrupted energy transmission it may be necessary to transfer some Assets, Rights and Obligations Transferred to LITGRID TURTAS later or respectively earlier than the remaining Assets, Rights and Obligations Transferred. In this case, separate Acceptance Certificates of the Assets, Rights and Obligations Transferred shall be drawn up specifying the distinctive characteristics of the transfer of the specific assets, rights and obligations of LITGRID.

8. RIGHTS CONFERRED BY THE COMPANY TO BE ACTIVE AFTER THE REORGANISATION ON THE OWNERS OF CERTAIN CLASSES OF SHARES, BONDS AND OTHER SECURITIES

- 8.1. The only securities issued by LITGRID TURTAS are its ordinary registered shares, all of which are owned by the shareholders of LITGRID TURTAS. No bonds or shares of different classes shall be issued.
- 8.2. The ordinary registered shares of LITGRID TURTAS active after the Reorganisation shall confer on their owners all property and non-property shareholder rights provided for in the articles of association of LITGRID TURTAS, the Law on Companies, the Civil Code and other laws and regulations of the Republic of Lithuania.
- 8.3. As LITGRID TURTAS will remain active after the Reorganisation, the right of its shareholders to receive profit shall be valid and shall be established as prescribed by the laws and regulations of the Republic of Lithuania and the articles of association of LITGRID TURTAS.
- 8.4. Pursuant to the New Version of the Articles of Association, shareholders of LITGRID TURTAS shall enjoy the granted property and non-property shareholder rights as of the registration of the New Version of the Articles of Association with the Register of Legal Entities. Prior to that, the said shareholders shall enjoy the rights provided by the articles of association of LITGRID TURTAS in force before the registration of the New Version of the Articles of Association.

9. SPECIAL RIGHTS GRANTED TO THE BODIES (MEMBERS OF THE BODIES) OF THE COMPANY UNDER REORGANISATION AND PARTICIPATING IN REORGANISATION

- 9.1. Subject to the articles of association of LITGRID TURTAS, on the Date of Conclusion of the Reorganisation Terms the bodies of LITGRID TURTAS shall be the general meeting of shareholders, the manager and the board; no supervisory board shall and will be formed. The structure of the bodies of LITGRID TURTAS to be active after the Reorganisation shall remain unchanged. Therefore, no members of the bodies of LITGRID TURTAS are expected to change.
- 9.2. During the Reorganisation the corporate management bodies (members of the bodies) and any other persons authorised by them shall be granted all the rights vested in them by the laws and regulations of the Republic of Lithuania, concluded contracts, the rules of procedure of boards, job descriptions and the corporate articles of association, including but not limited to the following rights:
- 9.2.1. To manage and control the Reorganisation of the Company.
- 9.2.2. To ensure that information about Reorganisation is disclosed under these Reorganisation Terms following the procedure prescribed by the law of the Republic of Lithuania.
- 9.2.3. To perform all the actions relating to the Reorganisation, on behalf of the Company to sign, execute and deliver (as the case may be) a notice to the shareholders of the Company about material changes in the assets, rights and obligations of the Company during the period between drawing up of the Reorganisation Terms and the date of the general meeting of shareholders having the adoption of a Decision on Reorganisation on its agenda.
- 9.2.4. To deal with all issues regarding the transfer of assets, the registration of the property right, the entry into and/or amendment of contracts and other Reorganisation-related issues of LITGRID TURTAS to be active after the Reorganisation.

*Terms of Reorganisation of
LITGRID turtas AB and LITGRID AB*

- 9.2.5. To sign, execute and deliver the Acceptance Certificate.
- 9.2.6. To take all necessary measure in order to obtain the Licence.
- 9.2.7. To adopt other decisions and take other actions provided by the Reorganisation Terms, respective resolutions of the general meeting of shareholders of the Company, laws and regulations of the Republic of Lithuania.
- 9.3. The manager of LITGRID TURTAS (or any other person stated in the Decision on Reorganisation) shall sign and provide the Register of Legal Entities with the New Version of the Articles of Association and other documents required for the registration of the New Version of the Articles of Association with the Register of Legal Entities.
- 9.4. The manager of LITGRID shall provide the Register of Legal Entities with documents required for the deregistration of LITGRID from the Register of Legal Entities, and shall take any other actions in relation thereto.
- 9.5. Corporate managers shall be entitled to transfer the power of attorney to any other person to perform the above actions to their full extent.
- 9.6. The board and the manager of LITGRID shall be divested of their powers as of the deregistration of LITGRID from the Register of Legal Entities following the procedure prescribed by the law.
- 9.7. The general meeting of shareholders of LITGRID TURTAS stipulated in Article 69(2) of the Law on Companies is not expected to be convened before delivery of the New Version of the Articles of Association and other relating documents to the Register of Legal Entities, unless it is decided otherwise.

10. ANNEXES TO THE REORGANISATION TERMS

- 1. Resolution of the general meeting of shareholders of LITGRID TURTAS dated 17 December 2010 on the approval of the drafting of the Reorganisation Terms.
- 2. Resolution of the sole shareholder of LITGRID dated 17 December 2010 on the approval of the drafting of the Reorganisation Terms.
- 3. Interim financial statements of LITGRID TURTAS dated 30 November 2010.
- 4. Interim financial statements of LITGRID dated 30 November 2010.
- 5. Draft new version of the articles of association.
- 6. List of fixed assets.
- 7. List of contracts.
- 8. List of employees.

The draft Reorganisation Terms were drawn up by the boards of LITGRID turtas AB and LITGRID AB; they were discussed and approved by the resolution of the meeting of the board of LITGRID turtas AB held on 20 December 2010 and by the resolution of the meeting of the board of LITGRID AB held on 20 December 2010.

Romas Švedas
LITGRID turtas AB
Chairman of the Board

[REDACTED]
LITGRID AB
Chairman of the Board

ANNEX 1

**Resolution of the general meeting of shareholders of LITGRID TURTAS dated 17 December
2010 on the approval of the drafting of the Reorganisation Terms**

Enclosed

ANNEX 2

Resolution of the sole shareholder of LITGRID dated 17 December 2010 on the approval of the drafting of the Reorganisation Terms

Enclosed

ANNEX 3

Interim financial statements of LITGRID TURTAS dated 30 November 2010

Enclosed

ANNEX 4

Interim financial statements of LITGRID dated 30 November 2010

Enclosed

ANNEX 5

Draft new version of the articles of association

Enclosed

ANNEX 6

List of fixed assets

Enclosed

ANNEX 7

List of contracts

Enclosed

ANNEX 8

List of employees

Enclosed