

MINUTES OF THE BOARD MEETING OF LITGRID AB

8 February 2018 No. 4
Vilnius

The meeting took place on 8 February 2018 at 12.30 p. m. at LITGRID AB (company code 302564383, registered office address A. Juozapavičiaus g. 13, Vilnius). The meeting was held and the members of the Board participated and voted by means of telephone conference. The members of the Board connected to the telephone conference platform using a unique access password disclosed only to the members of the Board and other invited to the Board meeting participants.

The meeting of the Board was convened in accordance with the rules of procedure of the Board of LITGRID AB approved by the decision No. 3.1. of the Board of LITGRID AB dated September 23, 2016 (minutes No. 44), clause 23.7., 32, 35-36, 48-50 which set out the procedure for convocation of and voting at an extraordinary Board meeting.

The chairman of the meeting was *Rimvydas Štilinis*, the chairman of the Board of LITGRID AB, and the Director for Infrastructure of EPSO-G UAB.

The secretary of the meeting was *Sigita Ropienė*, the secretary of the Board of LITGRID AB, and the assistant to the managing director.

The following Board members of LITGRID AB were in attendance:

1. *Daivis Virbickas*, managing director of LITGRID AB;
2. *Domas Sidaravičius*, chairman of the Board and the Board member of ERGO Invest SIA;
3. *Nemunas Biknius*, director for strategy and development of EPSO-G UAB;
4. *Rimvydas Štilinis*, director for infrastructure of EPSO-G UAB;
5. *Vidmantas Grušas*, director of Transmission Grid Department of LITGRID AB.

Other attendants at the meeting included:

1. *Arvydas Tyla*, Director of the Strategic Infrastructure Department;
2. *Audrius Tamolis*, project manager of the Project Implementation Division (participated in the discussion over the first item of the agenda);
3. *Daiva Daunienė*, General Counsel;
4. <...>;
5. *Vidmantas Valys*, Head of the Project Implementation Division.

The chairman of the meeting has informed that 5 (five) out of 5 (five) Board members of LITGRID AB ("the Company") are present at the meeting; consequently, in accordance with clause 7.20 of the articles of association of the Company, the quorum of a meeting exists, and the Board can take decisions. The meeting was consequently announced.

The following matters of the agenda were put for discussion at the Board meeting; presentation of the matters complies with the rules of procedures of the Board of LITGRID AB:

No.	Matters for discussion	Type	Speakers	Confidential (Yes/No)
1.	Concerning creation of a fixed asset for a price exceeding EUR 3,000,000 (optimisation of electricity transmission grid in the Northern Lithuania and preparation for synchronous operation with the energy system in the continental	Decision due	Audrius Tamolis Rūta Ramanauskaitė	Confidential

	Europe) - concerning approval of key conditions of the transaction and convocation of extraordinary general meeting of shareholders			
2.	<...>			

1. CONSIDERED. Concerning creation of a fixed asset for a price exceeding EUR 3,000,000 (optimisation of electricity transmission grid in the Northern Lithuania and preparation for synchronous operation with the energy system in the continental Europe) - concerning approval of key conditions of the transaction and convocation of extraordinary general meeting of shareholders.

Information on the matter on the agenda was provided by *Audrius Tamolis*, project manager at the Project Implementation Division (for the form of a submission of matter for discussion by the Board along with information, see Annex 1).

The Board members have listened to the information presented, asked questions, and discussed the following:

<...>

In the absence of any further questions, comments, or remarks, the chairman of the meeting has suggested voting on the draft decision submitted.

VOTING: 5 (five) votes “for”, 0 (no) votes “against”. The Board members have unanimously voted “FOR” the decision discussed.

1. RESOLVED:

1.1. To approve creation of a fixed asset (optimisation of electricity transmission grid in the Northern Lithuania and preparation for synchronous operation with the energy system in the continental Europe), and enter into a contract of purchase of design and construction works with a group of economic entities, including Kauno tiltai AB (company code: 133729589, registered office address: Ateities pl. 46, Kaunas), ABB AS (company code: 10095955, registered office address: Aruküla tee 83, Jüri, Estonia), and ABB OY (company code: 0763403-0, registered office address: Strömbergin puistotie 4A, Vaasa, Finland); accepted contract value (excl. VAT) is EUR 23,920,000.00, and EUR 28,943,200.00 (incl. VAT);

1.2. Key conditions of the contract of purchase of design and construction works of optimisation of electricity transmission grid in the Northern Lithuania and preparation for synchronous operation with the energy system in the continental Europe shall be approved as follows:

1.2.1. General conditions shall be the Conditions of Contract for Plant and Design-Build for Electrical and Mechanical plant, and for Building and Engineering Works, Designed by the Contractor (Yellow Book), first edition 1999 (second revised edition in Lithuanian appeared in 2007), issued by the International Federation of Consulting Engineers (Fédération Internationale des Ingénieurs-Conceils, FIDIC);

1.2.2. Object of the Contract is design and construction works of optimisation of electricity transmission grid in the Northern Lithuania and preparation for synchronous operation with the energy system in the continental Europe (investment project No. PPRU15017);

1.2.3. The Contract shall remain in force pending full completion of the Works or termination of the same. Works shall be completed in 36 months after the entry into the Contract;

1.2.4. Accepted Contract value (excl. VAT) is EUR 23,920,000.00, and EUR 28,943,200.00 (incl. VAT);

1.2.5. Payment procedure shall be as follows: an advance payment shall be due in 21 days after receipt of the guarantees. Other payments shall be effected in 56 days after submission of a

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report on the works completed and in 28 days after approval of a report and issue of an invoice. Payments shall take place for the following stages of the works completed only:

Payment part	Percentage of the Contract value accepted	Conditions of payment in stages – works to be completed and documents to be submitted
Advance payment	5%	Suitable (acceptable) bank guarantee for contract performance received
Technical design completed	5%	Technical designs drawn and approved by the Builder, positive overall expert conclusions on the design and all documents required for construction received
Construction of Control building of Ignalina AE substation 110 kV section completed	3%	Construction of Control building of Ignalina AE substation 110 kV section fully completed, and engineering systems (HVAC, WD) of the building required installed. Approval by construction technical supervision and engineer on the works the completed received, documents of engineering systems submitted.
Full initial machinery of Ignalina AE substation 110 kV section installed	7%	Full initial machinery of Ignalina AE substation 110 kV section. Approval by construction technical supervision and engineer on the works completed received. Documents of initial machinery submitted.
Comprehensive tests of Ignalina AE substation 110 kV section completed, all machinery launched, and full reconstruction of Ignalina AE substation 110 kV section completed	3%	Comprehensive tests of Ignalina AE substation 110 kV section completed, all machinery of Ignalina AE substation 110 kV section launched, and full reconstruction of Ignalina AE substation 110 kV section completed. Approval by construction technical supervision and engineer on the works completed received, initial operation completed.
Construction of Control building of Ignalina AE substation 330 kV section completed	3%	Construction of Control building of Ignalina AE substation 330 kV section fully completed, and engineering systems (HVAC, WD) of the building required installed. Approval by construction technical supervision and engineer on the works completed received, documents of engineering systems submitted.
Full initial machinery of Ignalina AE substation 330 kV section installed	9%	Full initial machinery of Ignalina AE substation 330 kV section. Approval by construction technical supervision and engineer on the works completed received. Documents of initial machinery submitted.
Auto-transformer delivered and installed in place	3%	Auto-transformer of Ignalina AE substation delivered and installed in place (on newly built foundation). Approval by construction technical supervision and engineer on the works completed received. Documents of adequate and safe transport of the auto-transformer submitted.
Comprehensive tests of Ignalina AE substation 330 kV section completed, all machinery launched, and reconstruction of Ignalina AE	5%	Comprehensive tests of Ignalina AE substation 330 kV section completed. Approval by construction technical supervision and engineer on the works completed received. Test protocols submitted.

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substation 330 kV section completed		
Construction of Control building of Utena substation 110 kV section completed	3%	Construction of Control building of Utena substation 110 kV section fully completed, and engineering systems (HVAC, WD) of the building required installed. Approval by construction technical supervision and engineer on the works completed received, documents of engineering systems submitted.
Full initial machinery of Ignalina AE substation 110 kV section installed	7%	Full initial machinery of Ignalina AE substation 110 kV section installed. Approval by construction technical supervision and engineer on the works completed received. Documents of initial machinery submitted.
Comprehensive tests of Utena substation 110 kV section completed, all machinery launched, and reconstruction of Utena substation 110 kV section completed	3%	Comprehensive tests of Utena substation 110 kV section completed, all machinery of Utena substation 110 kV section launched, and reconstruction of Utena substation 110 kV section completed. Approval by construction technical supervision and engineer on the works completed received, test operation completed.
Construction of Control building of Utena substation 330 kV section completed	3%	Construction of Control building of Utena substation 330 kV section fully completed, and engineering systems (HVAC, WD) of the building required installed. Approval by construction technical supervision and engineer on the works completed received, documents of engineering systems submitted.
Full initial machinery of Ignalina AE substation 330 kV section installed	9%	Full initial machinery of Ignalina AE substation 330 kV section installed. Approval by construction technical supervision and engineer on the works completed received. Documents of initial machinery submitted.
Auto-transformer of Utena substation delivered and installed in place	3%	Auto-transformer of Utena substation delivered and installed in place (on newly built foundation). Approval by construction technical supervision and engineer on the works completed received. Documents of adequate and safe transport of the auto-transformer submitted.
Comprehensive tests of Utena substation 330 kV section completed, all machinery launched, and reconstruction of Utena substation 330 kV section completed	5%	Comprehensive tests of Utena substation 330 kV section completed. Approval by construction technical supervision and engineer on the works completed received. Test protocols submitted.
VShR delivered and installed	4%	VShR delivered and installed in place at LE distribution facility (on newly built foundation). Approval by construction technical supervision and engineer on the works completed received. Documents on safe transport of VShR submitted.
Comprehensive tests completed, VShR launched	3%	Comprehensive tests of VShR completed. Approval by construction technical supervision and engineer on the works completed received. Test protocols submitted, initial operation completed.
Full completion of construction works	6%	Full certificates of completion of construction signed, and full final documents and bank guarantee of performance of warrantee obligations submitted to the Builder.

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1.2.6. (a) Penalties for failure to complete the Works on time are set at 0.1% based on the value of the Accepted Contract per day; (b) maximum contractual compensation in case of delay is 10% based on the final price of the Contract (excl. VAT);

1.2.7. Contract performance shall be secured by a first-demand, unconditional, and irrevocable guarantee to be issued by a bank acceptable to the Client (for list of the banks, see the annex to the Contract). Contract performance security is set at 10% based on the initial price of the Contract, excl. VAT (i.e. EUR 2,392,000.00).

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Chairman of the Board

Rimvydas Štilinis

Secretary of the Board

Sigita Ropienė