

(Form of Activity Agreement of Member of the Board of municipality-controlled company)

**ACTIVITY AGREEMENT OF MEMBER OF THE BOARD OF MUNICIPALITY
CONTROLLED COMPANY**

_____ 20__, No., _____
Kaunas

This Activity agreement of a member of the Board of municipality-controlled company (hereinafter – Agreement) is concluded between AB Kauno Energija (hereinafter – the Company) which is represented by _____ and _____, personal identity code _____ who agreed to function as a member of the Board of the Company, living at _____ (hereinafter – Member of the Board), hereinafter together called the Sides and separately – the Side.

CHAPTER I

OBJECTIVE AND TERM OF THE AGREEMENT

1. Both Sides agree that Member of the Board will perform his duties following legislation of the Republic of Lithuania, Company's Statutes, other Company's inner documents and requirements of this Agreement.

2. The Labour Code of the Republic of Lithuania and other laws, legal acts or rules regulating employment relations are not applied to this Agreement.

3. The term of validity of this Agreement depends on and is related to the period on which a Member of the Board performs duties of Member of the Board.

4. Both Sides declare and guarantee their right for conclusion of this Agreement and implementation of all obligations assumed with this Agreement during all the time of validity of this Agreement following the legislation and other standard acts, and this will not affect any other obligations and rights of third persons or vested interests.

CHAPTER II

REMUNERATION AND RELATED ISSUES

5. The Company assumes to pay to the Member of Board a monthly remuneration – _____ part of the monthly salary (fixed and variable, before taxes and other obligatory

contributions) of the Company's General Director (hereinafter – remuneration) and to compensate expenditures of a Member of the Board that are being suffered taking part in appropriate sessions (travel, accommodation, etc., additionally – for the time of journey, in comparison with other Members of the Board).

6. The Company shall deduct applicable taxes from the amounts payable under this Agreement and transfer the net amounts to a bank account specified by the Board member in writing. For each specific month, a Member of the Board is paid by the 10th of the following month.

CHAPTER III

RESPONSIBILITY, RIGHTS AND DUTIES OF MEMBER OF THE BOARD

7. Member of the Board usually performs his duties in Company's quarters. However, considering Company's commercial needs or if it is necessary for performance of the duties of Member of the Board, Member of the Board is able to perform his duties in other places, including business trips abroad. Member of the Board must perform his duties personally and in any cases is not able to dispose or assign other persons to perform all or a part of his functions.

8. Member of the Board must *inter alia*:

8.1. Take part in all sessions of the Board, except occasions when it is impossible due to the unprejudiced reasons and to vote issues discussed. Member of the Board must inform secretary of the Board (in case of his presence) or the Company itself beforehand if it is impossible to him to take part in session;

8.2. Come to sessions having an intimate acquaintance with the agenda of the session and all the information coherent to issues discussed which was presented to him and all the documents. Member of the Board must actively participate discussing issues indicated in agenda of the session, put his own point of view on all discussed issues in written or verbally and provide a reasoned proposal regarding solution of issues discussed;

8.3. To prepare periodical reports and recommendations existing within scope of Member of the Board, which are required by the Company's Supervisory Board (if it is formed in Company) or by Company's shareholders (if the Supervisory Board is not formed in Company);

8.4. Ensure conformity of decisions of the Company's Board to valid legislation;

8.5. Inform the Company on changes in his education, surname, declared and (or) actual living place.

9. Consent of Member of the Board to run for Members of the Board and declaration of interests in which all circumstances regarding possible conflict of interests of Member of the Board and the Company are indicated, are enclosed. Member of the Board must immediately inform in

written Company's Board and shareholders regarding such new circumstances, in case of appearance of circumstances unindicated in declaration of interests, due to which a conflict of interests of Member of the Board and the Company can emerge.

10. Member of the Board clearly understands importance of activities of municipality-controlled company for the public interest and for the better meeting of needs of society, including the most socially vulnerable persons, and obliges to follow highest standards of morality and always act in the interests of the Company and avoid the conflict of public and private interests in all possible ways. If the conflict between interests of the Company and interests of Member of the Board emerges, Member of the Board obliges to act in particular situation exceptionally in the interests of the Company, and also must inform other members of the Board and Company's Supervisory Board (if it is formed in Company) or shareholders (if the Supervisory Board is not formed in Company) immediately on particular conflict.

11. Member of the Board must pursue other duties, falling on member of the Board, determined by the laws of the Republic of Lithuania and the Statutes of the Company, except duties mentioned above.

12. Member of the Board obliges to pursue his duties properly, effectively, to objectively solve all issues attributed to the Board and to follow highest standards of professionalism.

13. Member of the Board tries his best in order to pursue his duties according to the laws of the Republic of Lithuania properly and thoroughly in the way which is the most profitable and effective to the Company. When pursuing his duties and other obligations Member of the Board must follow principle of honesty, consider Company's legitimate interests and be loyal to the Company.

14. In case of emerging uncertainties, if particular tasks are attributed to the competence of member of the Board, Member of the Board can ask Company's Supervisory Board (if it is formed in Company) or the Chairman of the Board (if the Supervisory Board is not formed in Company) for opinion on this issue.

15. Member of the Board must immediately inform members of the Board and Supervisory Board (if it is formed in Company) on any exceptional or other important circumstances, that became known for him and that can have a negative impact on the Company, its' activities or employees.

16. Both Sides agree that interest and non-interest rights on all results of intellectual activities created by Member of the Board during validity of this agreement and (or) directly concerned with his activities and objects concerned with them, including objects of copyrights, trademarks, services marks, industrial design and other objects created during pursuance of duties of Member of the Board, become and are an exceptional property of the Company automatically,

for an indefinite period and irrevocably as much as it is not prohibited by the laws and other legal acts.

17. Remuneration for a Member of the Board for creation of such results of intellectual activities, indicated in Article 16 is included in remuneration paid for Member of the Board according to this Agreement and the Company has the rights to dispose such kind of results of intellectual activities exclusively at its discretion, having not to pay any additional remuneration for a Member of the Board.

18. The Company shall use the personal data of a Member of the Board to the extent necessary for the performance of this Agreement and for the Company's normal business activities.

19. If the pre-trial investigation in regard of Member of the Board is instigated or a criminal case against him is started or previous conviction is acquainted, Member of the Board must immediately inform the Chairman of the Supervisory Board (if it is formed in Company) or shareholders (if the Supervisory Board is not formed in Company) on these facts.

20. The Company obliges to insure the Member of the Board with insurance of activities of Member of the Board during validity of this Agreement.

CHAPTER IV OBLIGATION OF CONFIDENTIALITY

21. Member of the Board must keep confidentiality of any information related to the Company and (or) any Company's shareholder (s) and (or) its' subsidiaries or related companies, must not to disclose such information to other persons and not to use it in his own interests (or in favour of third person). Such kind of information (commercial secret) includes (but not confine) information as follows: information marked "Confidential", "Secret" or other similar data, also an information, confidentiality of which is determined by its' content and any other information, which would reasonably be considered as confidential.

22. Obligation of confidentiality, determined in this Agreement is valid from the day of validation of this Agreement and remains valid for unlimited period. If the Agreement is terminated, Member of the Board obliges to take proper care, that information would not be directly or indirectly disclosed for unauthorized persons.

CHAPTER V RESTRICTIONS OF COMPETITION

23. Both Sides agree, that Member of the Board has no right directly or indirectly be engaged in any activities that can compete with Company's activities during validity of this Agreement, including (but not confine) cases when a Member of the Board knew or had to know, that such kind of activity is of competitive nature, or there are reasons to think, that such kind of activity of Member of the Board can affect Company's interests. Obligation of non-compete is being applied to the territory of the Republic of Lithuania, also other countries, where the Company, its' shareholders, subsidiaries or related companies, agencies and (or) branches pursue their activities.

Obligations, determined in this Chapter are not applied in cases, when a Member of the Board must take part in such kind of litigation in court, arbitration or similar according to the law or when a Member of the Board defends his affected rights, emerging according to this Agreement.

CHAPTER VI RESPONSIBILITY

24. Member of the Board obliges to make amends to the Company for violation of Agreement and (or) pursuance of requirements of third persons, including Company's founders, related to the activity of Member of the Board in Company's Board or results of activity, when those Company's losses appeared due to the intention of Member of the Board or big incautiousness.

CHAPTER VII TERMINATION OF THE AGREEMENT

25. Agreement is considered terminated when any of the following circumstances appear:

25.1. Company's Supervisory Board (if it is formed in Company) or General Meeting of Shareholders (if the Supervisory Board is not formed in Company) recalls (dismisses) a Member of the Board;

25.2. Member of the Board resigns duties of the member of the Board according to the article 28 of this Agreement;

25.3. Tenure, for which a Member of the Board was elected reaches its' end (on condition that a Member of the Board is not re-elected).

26. Provisions of Chapter IV are valid in full extent and for an indefinite period after termination of this Agreement.

27. Member of the Board has the right for remuneration, determined in Article 5 of this Agreement just until the last day of pursuance of his duties as a member of the Board; any redundancy or other compensation will not be paid to him, when this Agreement is terminated due to the recall or resignation of Member of the Board or due to the end of his tenure.

28. Member of the Board has the right to resign at any time at his own discretion, thus terminating this Agreement, but not later than 14 days until submission of preconceived written notice to the Company.

29. When terminating this Agreement, Member of the Board must immediately dispose to the Company (i.e. a person, which is appointed by the Supervisory Board (if it is formed in Company) or Chairman of the Board (if the Supervisory Board is not formed in Company)) all the correspondence, documents, projects, reports and analogous writings, also all assets, underlying in his disposition, which was provided to him for pursuance of duties of Member of the Board according to Agreement. This provision is also applied to copies and exemplars of all documents and information. If the asset of the Company was damaged during underlying in disposition of Member of the Board or due to the blame of Member of the Board, he must immediately compensate this harm to the Company. Such kind of disposal must be formalized by signing by both Sides an assignment – acceptance certificate.

30. The Company will inform the Register of Legal Entities on recall or resignation of Member of the Board respectively, or on the end of tenure of Member of the Board.

CHAPTER VIII

NOTICES

31. Notices (information) sent under this Agreement or related to it must be formalized in written and considered as delivered properly, if they are sent by registered or value letter, telegraph, facsimile (accepting reception), e-mail (accepting reception) or delivered by Side address, indicated in Chapter X of this Agreement, by recorded delivery or other means, allowing record of sending of notice.

32. Each Side that changed its' address, must immediately inform the other Side.

CHAPTER IX

FINAL PROVISIONS

33. This Agreement becomes valid _____. This is a final agreement between the Sides, replacing all previous their agreements or contracts regarding object of this Agreement.

34. Changes of this Agreement are possible just under the decision of Company’s General Meeting of Shareholders.

35. Invalidity or impracticability of any provision of this Agreement has no impact on validity or viability of other provisions of this Agreement.

36. Laws of the Republic of Lithuania are applied to this Agreement.

37. Both Sides will try resolve all controversies emerging under this Agreement in the way of negotiations. If the controversies cannot be resolved in the way of negotiations, any controversy, disagreement or requirement, emerging from this Agreement or related to this Agreement or its’ violation, termination or invalidity, will be resolved in the courts of the Republic of Lithuania.

38. This Agreement is concluded in 2 (two) copies, each copy to each Side.

CHAPTER X
ADDRESSES AND SIGNATURES OF SIDES

The Company

Member of the Board

Personal code _____
Address _____
Acc. No. _____
Bank _____
Tel. _____
Fax. _____
E-mail: _____

Personal code _____
Address _____
Acc. No. _____
Bank _____
Tel. _____
Fax. _____
E-mail: _____

