

AGREEMENT OF PROCUREMENT OF LEGAL SERVICES NO.

29 of February, 2016

The Ministry of Energy of the Republic of Lithuania, entity code 302308327, headquarters address: Gedimino av. 38, Vilnius, Lithuania, represented by the Ministry's chancellor Inga Černiuk, acting in accordance with the powers granted by the enforced legislation, hereinafter referred to as the "Ministry",

and

Shearman & Sterling LLP, address: 114 avenue des Champs Elysées, 75008 Paris, France, represented by Emmanuel Gaillard, Managing Partner of the Paris Office, hereinafter referred to as "Shearman & Sterling LLP",

RECITALS:

- (A) Veolia Environnement S.A., Veolia Baltics and Eastern Europe S.A.S., UAB Vilniaus Energija and UAB Litesko on 26th of January 2016 initiated the arbitration procedure against the Republic of Lithuania under the Convention on the Settlement of Investment Disputes Between States and Nationals of Other States and the Institution Rules and Arbitration Rules of the International Centre for Settlement of Investment disputes (hereinafter, the "ICSID") and the Agreement between the Government of the French Republic and the Government of the Republic of Lithuania on the Reciprocal Encouragement and protection of Investments concerning Veolia group investments in the Republic of Lithuania;
- (B) The arbitration procedure described in paragraph (A) of the Recitals is pending and the Ministry requires services of legal representation;
- (C) Shearman & Sterling LLP provided initial proposal for legal services, dated 11 February, 2016,
- (D) The Ministry has implemented a public procurement procedure by way of price inquiry and Shearman & Sterling LLP has been declared the winner of public procurement procedure (Commissions of Public Procurement of the Ministry of Energy 25th February, 2016 order No. (5.15-04) 42-8)).

Hereinafter, the Ministry and Shearman & Sterling LLP, collectively referred to as the Parties, have agreed and concluded the following Agreement:

I. SCOPE OF LEGAL SERVICES

1. The scope of this Agreement shall be services of legal representation before ICSID in connection with arbitration procedures, described in paragraph (A) of the Recitals, including, but not limited to:

1.1. Advice, including oral advice, action plans, presentations, written opinions and other as needed and requested by the Ministry. The Services shall include full advice on all procedural and substantive law matters of all relevant jurisdictions, legal systems and sets of rules;

1.2. Advice on strategy of the proceedings. The strategy shall be developed in cooperation with the representatives of the Ministry;

1.3. Representation of the Republic of Lithuania (Ministry) before the ICSID;

1.4. Advice and representation in connection with the constitution of the Arbitral Tribunal;

1.5. Advice and representation in connection with setting the procedural timetables, agreements on procedure and all procedural matters;

1.6. Advice, representation and assistance in relation to collection of evidence required for presenting the case of the Republic of Lithuania;

1.7. Advice, representation and assistance on all matters of compliance with any orders of the Arbitral Tribunal or any other competent authority regarding the production of documents in possession of the Republic of Lithuania and the Ministry;

1.8. Drafting and coordinating with the representatives of the Republic of Lithuania and the Ministry of any and all necessary documents, including, but not limited to procedural and administrative documents, requests, letters, explanations, legal briefs, submissions and correspondence in connection with the proceedings;

1.9. Representation during any oral or other hearings, procedural conferences and other procedural actions in connection with the proceedings;

1.10. Advice on necessity of any experts, witnesses and other evidence for presenting the case of the Republic of Lithuania, assistance in the selection of best suited candidates, conclusion of contracts with experts, coordination of their work and supervision of performance;

1.11. Any other action or representation vis-à-vis third parties in connection with the proceedings.

2. The list of the Services provided above is preliminary and Shearman & Sterling LLP shall be responsible for due representation of the interests of the Ministry and the Republic of Lithuania throughout the whole arbitration in question.

II. SUB-SUPPLIER AND ITS SUBSTITUTION

1. The following sub-suppliers will be involved while performing this Agreement by Shearman & Sterling LLP (hereinafter – the “Sub-Suppliers”):

1.1. **Law firm Tark, Grunte, Sutkiene ir partneriai TARK GRUNTE SUTKIENE**

Didžioji 23,

LT-01128 Vilnius, Lithuania

2. Lead ICSID arbitration expert shall be Emmanuel Gaillard and/or Yas Banifatemi.

3. Lead Lithuanian energy law expert shall be Vilius Bernatonis.

4. Lead experts will be responsible for strategy formation, quality assurance and general overseeing of the case in respective fields. Provided that more than one lead expert (adviser) has been identified, Shearman & Sterling LLP and/or its subcontractors respectively may elect to use one of them and/or both at its sole discretion.

5. Shearman & Sterling LLP and its subcontractors may also involve associates at the firms to carry out part of the Services.

6. Throughout the validity term of the Agreement, Shearman & Sterling LLP may not replace, without the Ministry's prior consent, the experts providing the Services that have been specified above. In case of inevitable necessity (incapacitation, death, termination of cooperation with the law firm or similar) to replace experts indicated above, substitute experts may be designated with the Ministry's consent and they must comply with respective minimal qualification requirements established in the tender and should be in essence of not lower qualification and experience than the replaced experts. The same to be said regarding Sub-Suppliers. Shearman & Sterling and its subcontractors respectively can select any other employees, experts, advisers other than lead experts (advisers), specialists etc. for the implementation of contract at its sole discretion, however the Ministry may request to substitute them, based on a reasonable request due to unsatisfactory quality of the work.

7. Hiring of Sub-Supplier will not release Shearman & Sterling LLP from any obligations or liability under this Agreement.

8. The relationship of Shearman & Sterling LLP and the Sub-Supplier is one of main supplier and sub-supplier in respect of performance of this Agreement. No relationship of agency, joint venture or partnership shall exist or shall be deemed to exist between Shearman & Sterling LLP and the Sub-Supplier.



9. If the Ministry has any complaint or at any time feels that Shearman & Sterling LLP and/or Sub-Supplier do not meet their service commitments, the Ministry can contact lead experts immediately so that they can take appropriate action.

III. PROFESSIONAL FEES AND EXPENSES, PAYMENT TERMS

1. Payment to Shearman & Sterling LLP for the provided legal services shall be made in instalments (in stages) based on the services actually provided, the need whereof shall be agreed with the Ministry in advance.

2. The Parties agreed to provide legal services at a blended hourly rate:

2.1. of 500 EUR (five hundred Euros) exclusive of VAT for Shearman & Sterling LLP attorneys. VAT of 20 percent will be added. Blended hourly rate with VAT is 600 EUR (six hundred Euros);

2.2. of 215 EUR (two hundred and fifteen Euros) exclusive of VAT for Sub-Suppliers partners. VAT is not applicable.

2.3. of 175 EUR (one hundred and seventy five Euros) exclusive of VAT for Sub-Suppliers associates. VAT is not applicable.

3. Shearman & Sterling LLP will endeavour to issue invoices on a monthly basis. The invoice must be delivered to the Ministry until the 10th day of the upcoming month, if Services were provided. Upon agreement of parties, services, provided during several months, can be merged and joint invoice can be issued – in this case requirement to submit invoice until the 10th day of the upcoming month is not applicable. Together with the delivery of the invoice, Shearman & Sterling LLP must provide the detailed report indicating the amount of worked hours together with the description of the legal services provided. If the Ministry does not declare any written reasoned objections within 3 business days from the receipt of report, the report and the invoice shall be deemed approved. If the Ministry delivers the objections, the report shall be deemed unapproved, the invoice cannot be paid and this disagreement shall be solved on the ground of mutual negotiations.

4. The time of preparation of invoice reports and invoices shall not be paid.

5. In addition to the price for Services rendered based on hourly rate, the Ministry shall compensate only following additional expenses incurred by Shearman & Sterling LLP (i) translation expenses, (ii) international travel and accommodation costs, (iii) communication services; (iv) expenses for compensation of work of external experts. Additional costs in excess of EUR 1,000 without VAT per month shall be compensated only subject to prior approval of the Ministry. In any cases, the Ministry undertakes to compensate retrospective only those costs, which were undoubtedly incurred while providing the Services and which are easily justified by invoices issued by such third parties.

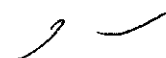
6. All other expenses incurred by Shearman & Sterling LLP in connection with providing the Services, including currency conversion difference, are borne by the Services provider itself and are not reimbursed by the Ministry.

7. The payments will be made within 14 (fourteen) business days from the delivery of the agreed invoice.

8. The price (together with the detailed description of the legal services provided) shall not be recalculated according to changes in general price and fee levels. The price shall be recalculated only in case, if tariff of applicable VAT is being changed.

IV. COMING INTO EFFECT, DURATION AND TERMINATION OF THE AGREEMENT

1. This Agreement shall come into effect on the date of signing. Term of the Agreement is until full discharge of obligations in connection with the assignment – arbitration in question – though in any cases not longer than 3 (three) years.



2. The provisions of the Agreement cannot be amended during its validity, except for the cases (1) established in the Agreement or (2) where the amendments of the Agreement do not cause the infringement of the principles and purposes established by the Law on the Public Procurement and such amendments are approved by the Public Procurement Office of the Republic of Lithuania.

3. The Ministry is entitled to terminate this Agreement in circumstances where the Ministry decides that it no longer requires legal advice from Shearman & Sterling LLP in connection with the Services. The Agreement may be also terminated prematurely by mutual agreement of the Parties in writing or in circumstances where the Laws of the Republic of Lithuania would require the Agreement to be terminated. In the event of termination, the Ministry will be liable to pay Shearman & Sterling LLP for any work which has been performed or is in progress, and for any costs accrued or incurred by Shearman & Sterling LLP prior to its receipt of such notice of termination.

4. It is understood that this Agreement is the final document relating to the Parties' engagement.

V. LIABILITY OF THE PARTIES

1. The Parties shall undertake the obligation to refrain from any actions which might violate the provisions of this Agreement and be detrimental to the interests of the Parties, their reputation, and mutual relations.

2. If the implementation of this Agreement is impossible due to force majeure circumstances described in article 6.212 of the Civil Code of the Republic of Lithuania or due to any other circumstances provided for in article 6.253 of the Civil Code of the Republic of Lithuania, which the Parties are reasonably unable to foresee at the time of conclusion of this Agreement, the Parties shall be exempt from civil liability, provided that they inform each other in writing without delay about the occurrence of such circumstances.

3. The Parties shall undertake the obligation, during the term of the Agreement and upon termination of the term thereof, to protect and not to reveal to any third parties information received from the other Party which is deemed as a business or commercial secret.

4. It is understood that Shearman & Sterling LLP will keep confidential all information it receives from the Ministry in accordance with Shearman & Sterling LLP professional obligations and usual procedures, and will not disclose that information to any third party, unless they have the prior approval of the Ministry, or the information is already in the public domain (other than due to a breach by of this obligation by Shearman & Sterling LLP), or Shearman & Sterling LLP is required to do so by applicable law or court order.

5. Shearman & Sterling LLP shall be liable for non-performance or improper performance of its obligations under this Agreement and undertakes to compensate all damages caused by its actions or omission.

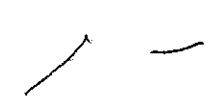
6. The Agreement's performance shall be secured with default interest in amount of 0.05 % from the estimated price of the Services to be rendered.

7. Should the Ministry be in delay of payment to Shearman & Sterling LLP due to financing delays from the Lithuanian state, the Ministry may, subject to a mutual agreement between the Parties, be exempted from default interest until the Lithuanian state has announced its decision. However, the exemption from default interest shall not exceed 6 (six) months.

VI. DISPUTE SETTLEMENT

1. The Parties shall take all possible steps in order to ensure that all disputes and disagreements arising in connection with the letter of engagement, the implementation of the Agreement, or related to the Agreement is settled by mutual negotiations between the Parties.

2. If within 30 (thirty) days of the date when any of the Parties proposes in writing to start negotiations and the Parties fail to settle a dispute or disagreement by negotiations or if negotiations



are not started, such disputes and disagreements shall be settled in the courts of the Republic of Lithuania in accordance with the laws of the Republic of Lithuania.

VII. OTHER PROVISIONS

1. This Agreement shall be concluded and terminated following the Civil Code of the Republic of Lithuania, Law on Public Procurements and other legal acts.
2. This Agreement shall be governed by the laws of the Republic of Lithuania.
3. Any issues not discussed in this Agreement by the Parties shall be subject to the provisions of the Republic of Lithuania Civil Code.
4. This Agreement was agreed in two equally binding original counterparts in the English language, with one counterpart of the Agreement to be issued to each of the Parties.

REQUISITES AND SIGNATURES OF THE PARTIES:

Lithuanian Ministry of Energy:

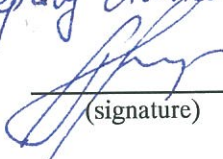
Gedimino av.38,
LT-01104 Vilnius, Republic of Lithuania
Entity code 302308327
Account No. LT097300010114649626
„Swedbank“, AB
SWIFT: HABALT22

Shearman & Sterling LLP,

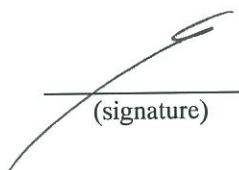
HSBC France – Agence Centrale
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75008 Paris
Account No.: 01483706475-81
Bank Codes 30056/00148
IBAN:FR76 3005 6001 4801 4837 0647 581
BIC: CCFRFRPP

Inga Černiuk
Chancellor of the Ministry of Energy

Emmanuel Gaillard
Managing Partner of the Paris office

Agne Petronavičienė
Deputy Chancellor of the Ministry


(signature)



(signature) 26 Feb 2016

energetikos ministerijos
teisės skyriaus vyriausioji
specialistė
[Signature]
Jana Makšaitė

2016-02-29

energetikos ministerijos
Finansų ir apskaitos skyriaus
vedėjo pavaduotoja

[Signature]
Sigita Čekuvienė

2016-02-29