



PRIVATE AND CONFIDENTIAL

The Management
LITGRID AB
A. Juozapavičiaus str. 13,
LT-09311 Vilnius
Lithuania

SUT-240-17

24 October 2017

Dear Sirs

LITGRID AB – Report in connection with financial covenants

The purpose of this Engagement Letter, which incorporates the Appendixes and the attached Standard Terms of Business (“Standard Terms”) (together the “Contract”), is to set out the basis on which we are to undertake the work (the “Services”) in connection with the provision of a covenant report (the “Report”) in relation to:

- a) Clause 7.0.2 of the loan agreements entered into between LITGRID AB (the “Company”) and Nordic Investment Bank (NIB) dated 12 September 2013 as amended on August 2015 and 6 August 2014 as amended on August 2015;
- b) Clause 6.11 of the loan agreement entered into between the Company and European Investment Bank (EIB) dated 18 December 2014 and amendment signed on 11 September 2015.

(all together – the “Agreements”).

Management responsibilities

We draw your attention to Clause 3 of the Standard Terms.

The Management of the Company are responsible for ensuring that the Company complies with the Agreements and in particular the financial covenants specified in Clauses 7.02 of the agreements signed with NIB and in Clauses 6.11 of the agreement signed with EIB. It is also their responsibility to extract relevant financial information from non-audited consolidated accounting records of the Company and its subsidiaries (together - the “Group”), to make the calculations specified in Clauses 7.02 of the agreements signed with NIB and in Clauses 6.11 of the agreement signed with EIB, and to provide relevant financial information to NIB and EIB.

Scope of work

We will be provided by the Management of the Company with a schedules (the “Forms of compliance certificate”) showing the *Net debt / EBITDA Ratio* and *Net Interest Cover Ratio* for the Group for twelve month period ended 30 June 2017 in accordance with Clauses 7.02 of the agreements signed with NIB and in Clauses 6.11 of the agreement signed with EIB.

You have engaged us to perform the following specified limited scope procedures (the “Services”) on the Form of compliance certificate:

PricewaterhouseCoopers UAB, J. Jasinskio g. 16B, LT-03163 Vilnius, Lithuania
T: +370 (5) 239 2300, F: +370 (5) 239 2301, Email: vilnius@lt.pwc.com, www.pwc.com/lt



You are responsible for determining whether the scope of the Services is sufficient for your purposes. The Services are in line with technical specification requirements included in the Appendix 2.

Our work will be performed in accordance with the International Standard on Related Services (ISRS) 4400 "Engagements to perform agreed-upon procedures regarding financial information" ("ISRS 4400") and we will indicate so in our report.

The Services will not constitute an audit or a review made in accordance with International Standards on Auditing or International Standards on Review Engagements and, consequently, no assurance will be expressed. Accordingly, we will not express an opinion on the Form of compliance certificate. If we were to perform additional procedures or if we were to perform an audit or review of the Form of compliance certificate, other matters might come to our attention that would be reported to you. You should understand that there is no guarantee that these procedures will result in the identification of all matters, which may be of interest to you.

The audit work of PricewaterhouseCoopers UAB ("PwC") on the financial statements of the Company and the Group for the year ended 31 December 2016 and for the year ending 31 December 2017 was and will be carried out in accordance with audit agreements and the audit reports were and will be intended for the sole benefit of the Company's shareholders, to whom they are addressed. The audits of the Company's and the Group's financial statements for the year ended 31 December 2016 and for the year ending 31 December 2017 were not and will not be planned or conducted in contemplation of the requirements of anyone other than such shareholders, and consequently the audit work was not and will not be intended to address or reflect matters in which anyone other than such shareholders may be interested. No audit work will be carried on the Company's and the Group's financial information neither for six month periods ended 30 June 2016 and 30 June 2017 nor for twelve month period ended 30 June 2017. In the Report will be stated that data for ratios calculation have been extracted by the management from the Group's financial information which was not audited and no other procedures have been performed to test reliability and completeness of this data. PwC will not, by virtue of this report or otherwise in connection with this engagement, assume any responsibility whether in contract, negligence or otherwise in relation to the audits of the Company's financial statements.



PwC, its partners and employees shall have no liability whether in contract, negligence or otherwise to any third parties, including NIB, in relation to the audits of the Company's financial statements.

The Services are not designed to and are not likely to reveal fraud or misrepresentation by either the Management or employees of the Company and the Group. Accordingly we cannot accept responsibility for detecting fraud (whether by Management, employees or by external parties) or for misrepresentation by the Management or employees of the Company and the Group.

Timetable and form of report

We will normally commence our work once the Management of the Company have signed the financial statements for the year and have provided us with the Form of compliance certificate.

Our Deliverable will be a report on factual findings addressed to you in relation to clauses 7.02 of the agreements signed with NIB and in Clauses 6.11 of the agreement signed with EIB (the "Report").

Our Report will relate only to the Forms of compliance certificate and will not extend to any financial statements of the Company and the Group taken as a whole.

The Report will be addressed to the Management of the Company. It is solely for your use in connection with the Agreements covenants and is not to be used for any other purpose or to be distributed to any other parties without our prior written consent, which we may grant, withhold or grant subject to conditions including conditions as to an absence of legal liability. We agree to a copy of our Report being made available (i) to NIB and EIB on the condition the Report will be accompanied by the cover letter in the form as indicated in the Appendix 1 to this Engagement Letter (ii) to your legal advisers on the basis that they receive our Report for information purposes only and we shall have no duty or liability to them, or (iii) as required by a court, applicable law or regulation. Notwithstanding the preceding sentence, we do not accept any liability or responsibility to any third party to whom the Report is shown or into whose hands it may come.

Any oral or draft reports, which we might provide, will not constitute our definitive conclusion(s). These will be contained solely in our final written product.

The Contractor will perform services not later than 25 October 2017.

Limitation of liability

We draw your attention to the liability provisions set out in Clause 8 of the Standard Terms, which include, among others, a limit on our liability.

In no event shall PwC, its partners, or employees be liable for any loss, damage, cost or expense arising in any way from or in connection with fraudulent acts, fraudulent omissions, misrepresentation or wilful default on the part of the directors, employees or agents of the Company and of the Group except and only to the extent that PwC, its partners or employees have contributed to such loss, damage, cost or expense through their own bad faith or wilful default.

Fees and payment

The total fee for the Services is EUR 3,400 € (three thousand four hundred euros), exclusive of VAT). If necessary, the Parties may agree upon additional payment for additional services or assistance provided by the Contractor. The Client will remunerate the Contractor within 14 (fourteen) calendar days of receipt of the invoices. Invoices and other documents related to payment will be issued via information system „E. saskaita“.



Entire agreement

The contract formed by this Engagement Letter, Appendixes together with the attached Standard Terms when accepted by you shall supersede all previous undertakings, representations, commitments or agreements whatsoever, whether oral or written, relating to reporting on loan covenants and shall constitute the entire agreement between us.

Neither the Company nor PwC are entering into this contract in reliance on any representation or undertaking that is not contained in this Engagement Letter (but this paragraph does not exclude the rights of any party in respect of fraudulent misrepresentation).

Staffing

Mr Rimvydas Jogela will be the Engagement Partner. Mrs Rita Lazauskiene will act as the Engagement Manager. They will be supported by other staff.

Acknowledgement and acceptance

Please record your agreement to the terms of this Contract by signing the enclosed copy of this Engagement Letter in the space provided and returning it to me.

Yours faithfully

A blue ink signature of Kimvydas Jogela, written over a dotted line.

.....
Kimvydas Jogela
Partner
Signed for and on behalf of PricewaterhouseCoopers UAB

Having read the Contract, comprising the Engagement Letter dated 24 October 2017, Appendixes and the attached Standard Terms, we acknowledge acceptance of and agree to engage PricewaterhouseCoopers UAB upon the provisions of the same.

A blue ink signature of Daivis Virbickas, written over a dotted line.

.....
Signed for and on behalf of LITGRID AB
CEO Daivis Virbickas

A blue ink signature of Rimantas Busila, written over a dotted line.

.....
Director of the Finance Department
Rimantas Busila

Enclosure:
PricewaterhouseCoopers UAB Standard Terms of Business, Appendix 1, Appendix 2



APPENDIX 1

The Management
LITGRID AB
A. Juozapavičius str. 13,
LT-09311, Vilnius
Lithuania

Dear Sirs,

You have asked us to agree to you providing to Nordic Investment Bank and European Investment Bank (the "Banks") a copy of our covenant report (the "Report") dated _____ prepared in connection with the financing facility agreements entered into between LITGRID AB (the "Company") and Nordic Investment Bank dated 12 September 2013 and 6 August 2014, between the Company and European Investment Bank dated 18 December 2014 (the "Agreements").

We confirm that we are agreeable to you doing so on the clear understanding that the Report was addressed solely to the management of the Company.

This report is solely for your use in connection with the financial covenants in the Agreements as set out in our engagement letter; it is not to be used for any other purpose or to be distributed to any other parties as set out in that engagement letter. We will not accept any liability/responsibility to any third party (including for avoidance of doubt the Banks) to whom our report is shown or into whose hands it may come.

If our Report is given to the Banks, it should be made clear that receipt of our Report should not be a substitute for enquiries the Banks should undertake for its own purposes and any independent advice it should obtain. Our Report does not address or reflect the particular interests or circumstances of the Banks or any other third party. We therefore do not accept any duty or responsibility and deny any liability to the Banks or to any other third party in relation to the loan agreement or otherwise, whether or not the Report influences any decision or action of the Banks or any other party.

You should also point out to the Banks that it will be bound by a duty of confidentiality to PricewaterhouseCoopers UAB, as well as to you. Consequently, our Report, and information obtained from it, must not be made available or copied, in whole or in part to any other person without our prior written permission, which we may, at our discretion, grant, withhold or grant subject to conditions (including conditions as to legal responsibility or absence thereof).

Notwithstanding our consent to the release of our Report to the Banks, our Report remains addressed solely to you and it is a matter for you to decide whether the release of our Report is appropriate in the circumstances.

To ensure that the Banks has a clear understanding of the terms under which our Report is being provided to them, a copy of this letter should accompany our Report.

Yours faithfully,
PricewaterhouseCoopers UAB
Vilnius, Republic of Lithuania

TECHNINĖ SPECIFIKACIJA

Perkama paslauga: Finansinių rodiklių sertifikato patvirtinimo paslaugos

Paslaugos kodas pagal BVPŽ : 79212300-6

Perkamų paslaugų aprašymas

1. Finansinių rodiklių sertifikato patvirtinimo paslaugų teikėjas patvirtins paruošto LITGRID AB grynojo skolos rodiklio ir EBITDA santykio ir grynujų palūkanų padengimo santykio už metus, pasibaigusiančius 2017 m. birželio 30 d., apskaičiavimo teisingumą patvirtindamas European Investment Bank (toliau – EIB) pateiktą patvirtinimo sertifikato (toliau – Patvirtinimo Sertifikatas) formą (priedas Nr. 1) ir pateikdamas pastebėjimų ataskaitą.
2. Finansinių rodiklių sertifikato patvirtinimo paslaugų teikėjas patvirtins paruošto LITGRID AB grynojo skolos rodiklio ir EBITDA santykio ir grynujų palūkanų padengimo santykio už metus, pasibaigusiančius 2017 m. birželio 30 d., apskaičiavimo teisingumą patvirtindamas Nordic Investment Bank (toliau – NIB) pateiktą patvirtinimo sertifikato formą (priedas Nr. 2) ir pateikdamas pastebėjimų ataskaitą.

Paslaugų teikimo terminai:

Perkamų paslaugų aprašyme paminėtos paslaugos turi būti atliktos iki 2017 m. spalio 25 d.

Priedai:

Priedas 1. EIB Form of Compliance Certificate (Patvirtinimo Sertifikatas)

Priedas 2. NIB Form of Compliance Certificate (Patvirtinimo Sertifikatas)

TECHNICAL SPECIFICATION

Name of service: Service of certification of financial covenants' compliance certificate

Service code: 79212300-6

Description of service:

1. Supplier of service of certification of financial covenants' compliance certificate should certify Net debt/EBITDA and Interest Cover ratios for the year ended at 30th June 2017. The calculation of ratios will be provided by LITGRID AB. The supplier should certify ratios in the form of Compliance Certificate (annex No. 1) provided by European Investment Bank and provide a report on factual findings.
2. Supplier of service of certification of financial covenants' compliance certificate should certify Net debt/EBITDA and Interest Cover ratios for the year ended at 30th June 2017. The calculation of ratios will be provided by LITGRID AB. The supplier should certify ratios in the form of Compliance Certificate (annex No. 2) provided by Nordic Investment Bank and provide a report on factual findings.

Deadline of service supply:

The services described in the description above should be supplied by the 25th of October 2017.

Annexes:

Annex 1. EIB Form of Compliance Certificate

Annex 2. NIB Form of Compliance Certificate