

[Logo: Concern ACHEMOS GRUPE]

AB Klaipėdos Nafta  
Legal entity code 110648893  
Registered office at Buriu Street 19  
Klaipėda

21 January 2013 No. IS-9002-2013-0084

**REGARDING THE AGENDA OF THE EXTRAORDINARY GENERAL MEETING OF SHAREHOLDERS  
OF AB KLAIPĖDOS NAFTA TO BE HELD ON 25 JANUARY 2013**

UAB Koncernas ACHEMOS GRUPE being a shareholder of AB Klaipėdos Nafta (hereinafter also referred to as the company) and upon familiarising with the agenda for the extraordinary general meeting of AB Klaipėdos Nafta to be held on 25 January 2013, in compliance with paragraph 1(2) of Article 16 and paragraph 1 of Article 16<sup>1</sup> of the Law of the Republic of Lithuania on Companies, submits the following questions related to the items on the agenda of the meeting:

1. Please explain the purpose of the contract on engineering, procurement and construction works for the connection of the gas pipeline between the jetty of the Liquefied Natural Gas Terminal (hereinafter, the **LNG Terminal**) in the water area of Klaipėda State Seaport and the Lithuanian natural gas transmission system, referred to in the agenda of the extraordinary general meeting to be held on 25 January 2013.
2. Please explain how the conclusion of this contract will contribute to the main goals of the company's activities set forth in the Articles of Association of the company, i.e. to ensure a profitable and effective functioning of the oil terminal, operated by the company, oil and oil products transportation pipelines as well as other equipment, to use rationally assets of the company, aiming at safeguarding interests of the Company and its shareholders.

If the conclusion of the contract is an integral part of implementation of the LNG Terminal project, please explain how this project and the contract concluded in the context thereof will contribute to the main goals of the company's activities, comply with the interests of the company's shareholders, including within what period and in what manner the planned investment will pay off (please provide supporting documents).

Please also explain based on what grounds the company decided to invest its main funds not in the main fields of its activities, but in the conclusion of the contract on the gas pipeline connection and/or the LNG Terminal project. Has the SWOT analysis allowing to draw the conclusion that the return of the company's shareholders on investment in the gas pipeline connection and/or the LNG Terminal project is better than the investment in the major business of the company and/or that it is a safer investment, been performed? Please let us know whether the Board of Directors (individual members of the Board) and the company's manager are of the same opinion on this matter. Have the Board of Directors and the manager considered alternative investment scenarios in the company's strategy? Please provide the documents supporting the answers to the questions presented in this clause.

3. Please explain what funds will be used for payment to the consortium of AB Kauno Dujotiekio Statyba and UAB Siauliu Dujotiekio Statyba under the anticipated contract. Do we understand correctly that the agreed contract price (LTL 166,979,263.10, VAT included) considerably exceeds the budget planned for such works before the beginning of the public procurement? According to the information submitted by the company to the National Control Commission for Prices and Energy<sup>1</sup>, an overall amount of LTL 140 million was allotted for the construction of the gas pipeline and the gas metering station, including redemption of land, however, it is planned to grant at least LTL 137,999,391.00 (VAT excluded) solely for the performance of the contract with the consortium of AB Kauno Dujotiekio Statyba and UAB Siauliu Dujotiekio Statyba.
- a. According to the business plan of the company, published in May 2012, the need for investments pertaining to the LNG Terminal project amounted to LTL 604 million, of which investments of the company – LTL 293 million. As indicated in the business plan, the company will invest its own and/or borrowed funds. However, upon approval of an extra fee for the LNG Terminal<sup>2</sup> by the National Control Commission for Prices and Energy, there is no investment of own funds of the company and the total contribution of the company to the budget of the LNG Terminal project has increased up to LTL 453 million. What funds will be used to pay for the works under the relevant contract? Why did the company's need [for funds] for the project and performance of the contract respective increase almost twice? Who prepared the business plan? Has it been submitted to experts for assessment? Please submit supporting documents and calculations confirming the answers to the questions presented in this clause.
- b. If it is intended to use the funds of the extra fee for the LNG Terminal, collected together with the fee for gas transmission services, for payments to the contractor, please explain is there provided an auxiliary/alternative financing resource of the company which could be used in case the anticipated budget of the extra fee for the LNG Terminal is not collected or the planned project budget is exceeded?
- c. If borrowed funds are going to be used in order to pay the contractor, please explain whether there is an alternative funding source for the company, which could be used if the funding is not obtained and the planned budget of the project is exceeded.
- d. Who actually initiated payment of dividend to the shareholders in the amount of LTL 57 million according to the resolution of the general meeting of shareholders of 27 April 2012, when it was already known that the company will need funds to fulfil the LNG Terminal project, including the contract in question? Did the management bodies of the company make any comments or objections regarding the resolution of the general meeting of shareholders of 27 April 2012 to disburse almost LTL 57 million as dividend to the shareholders, taking into account the plans of the company to carry out the LNG Terminal project and, respectively, to finance the contract in question? In case there were any such comments or objections, please present their copies in writing.
4. Please explain whether the territory planning procedures, necessary for the implementation of the contract, have been completed. If not, when is it planned to complete them and will their completion terms allow for timely construction of the gas pipeline system connection?

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<sup>1</sup> Certificate of the National Control Commission for Prices and Energy on setting the funds intended for compensating all or part of the costs for the installation and operation of the liquefied natural gas terminal, its infrastructure and the connection in 2013, dated 19 October 2012.

<sup>2</sup> Resolution No. O3-317 of the National Control Commission for Prices and Energy "On setting the funds intended for compensating all or part of the costs for the installation and operation of the liquefied natural gas terminal, its infrastructure and the connection in 2013", dated 19 October 2012.

5. Is the construction of the gas pipeline connection coordinated with the Klaipėda State Seaport and/or are the necessary permits of the Klaipėda State Seaport obtained?
6. As in case the contractor fails to perform the contract in time, the company is going to incur damages, including damages related to the fact that without the installed connection there will not be a possibility to supply gas to the gas transmission system of Lithuania, but in spite of that the company will still have to pay the rent for the LNG Terminal to the Norwegian company Hoegh LNG, please explain according to the agreed conditions of the contract with the consortium, what sanctions will apply to the contractor if the contract is not fulfilled in time. Will the provided sanctions cover all the damages incurred by the company? How will this risk affect the return on investments of the existing shareholders?
7. Please explain whether following the terms set in legal acts and having in mind the fact that the consortium signing the contract will also have to perform the designing works, to obtain construction and other permits, it is reasonably possible to complete the construction of the gas pipeline connection by 1 October 2014. If there is a high probability that the contract will not be implemented in time, please explain why the procurement was not performed earlier and/or (ii) why a later term was not set as the start date of the lease of the LNG Terminal. Did not such procurement organisation and works performance terms result in a price higher than planned, as specified in clause 3?
8. Please present copies of the final draft of the above-specified contract and the public procurement documents on the basis of which this contract will be concluded, if they are different from the documents presented in the link<sup>3</sup>. For example, the announced procurement documents specify the criterion of the most economically advantageous offer, whereas the draft of the resolution of the general meeting of shareholders to be held on 25 January 2013 says that the contract will be concluded with the supplier that offers the lowest price.
9. As it is publically declared, the LNG Terminal project is a national project. If yes, is it planned that the state will purchase the created assets from the company, including the assets created under this contract, under what conditions, etc.?
10. What actions have been performed and/or are going to be performed by the members of the management bodies of the company to manage the risks specified in questions 2, 6 and 7 (state guarantees, products offered on the global insurance market, etc.)? Please provide documents in confirmation of this.

Please note that the answers to the given questions are necessary in order that UAB Koncernas ACHAMOS GRUPĖ could fully and properly evaluate the information in connection with the matters on the agenda and take a decision how to vote in the extraordinary general meeting of shareholders to be held on 25 January 2013.

Please send the answers to the questions as soon as possible by fax No. (+370 5) 2492011 and/or by e-mail at [r.zadeika@achamosgrupe.lt](mailto:r.zadeika@achamosgrupe.lt).

ENCLOSED: Copy of the power of attorney, dated 21 January 2013, 1 page.

Yours sincerely,

/Signature/

UAB Koncernas ACHAMOS GRUPĖ  
Romualdas Žadeika, Director of the Legal and Asset Management Division

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<sup>3</sup> [https://pirkimai.eviesiejipirkimai.lt/app/rfq/publicpurchase\\_docs.asp?PID=93428&LID=120433](https://pirkimai.eviesiejipirkimai.lt/app/rfq/publicpurchase_docs.asp?PID=93428&LID=120433)