

**DRAFT RESOLUTIONS**  
**of the Extraordinary Meeting of Shareholders**  
**of the Joint Stock Company "Latvijas Gāze"**  
**to be held on December 21, 2016**

**1. On approval of amendments to the Articles of Association.**

- 1) Section 3.2.(1) shall be read:  
*"1) Gas production (35.21), gaseous fuel distribution through gas mains (35.22), and gas distribution through gas mains (35.23), including purchase, distribution and sale (wholesale and retail sale) of natural gas;"*
- 2) Section 3.2.(5) shall be read:  
*"5) Pipeline transportation (49.50), including, import and export of natural gas;"*
- 3) Section 3.2.(6) shall be read:  
*"6) Storage and warehousing (52.10);"*
- 4) Section 3.2.(7) shall be read:  
*"7) Engineering activities and related consultancy (71.12), including engineering, construction supervision and management of all external and internal systems of gas mains and systems of gas distribution;"*
- 5) Section 3.2.(8) shall be read:  
*"8) Development of construction design (41.1), construction of residential and non-residential buildings (41.2) and engineering-technical works (42.), including construction and assembly works on gas mains;"*
- 6) Strike Section 7.26(12) ("*12) Full or partial renunciation of an exclusive license;"*).

**2. On the distribution of retained earnings from previous reporting years.**

Whereas:

- 1) The capital structure of a capital company is characterised by the proportion between equity (capital, reserves and retained earnings) and borrowed funds, consisting of short-term and long-term borrowings;
- 2) An optimal capital structure is when there is effective balance between the cost of capital and the risk associated with borrowed funds;
- 3) The cost of equity is higher than that of borrowed funds, therefore efficient use of borrowed capital optimizes shareholder value, as well as makes the business of the capital company more efficient;

- 4) Section 180, Paragraph 6 of the Commercial Law also stipulates the obligation of a management board to give a recommendation as to the use of retained earnings in this case;
- 5) On November 16, 2016, the Council of the Joint Stock Company "Latvijas Gāze" supported the recommendation by the Management Board of the Joint Stock Company "Latvijas Gāze" on distribution of retained earnings, supported on the meeting of November 7, 2016 (Minutes No. 48),

**the meeting of shareholders decided:**

1. To support the recommendation supported on the meeting of the Management Board of the Joint Stock Company "Latvijas Gāze" of November 7, 2016 (Minutes No. 48) on distribution of retained earnings;
  - 1.1. To pay out the retained earnings from previous reporting years to the shareholders of the Joint Stock Company "Latvijas Gāze" in the amount of EUR 35,112,000.00 (thirty-five million, one hundred and twelve thousand euro, zero cents), by paying dividends to each shareholder in proportion to the total nominal value of shares held, amounting to EUR 0.88 (eighty-eight cents) per 1 (one) share;
  - 1.2. to set January 5, 2017 as the dividend record date, and January 9, 2017 as the dividend payment date.

**3. On the extraordinary additional payment for work on reorganisation of the JSC "Latvijas Gāze".**

To pay extraordinary additional payment for work towards effecting the reorganisation of the Joint Stock Company "Latvijas Gāze" to: K.Seleznev, Chairman of the Council of the Joint Stock Company "Latvijas Gāze", in the amount of 6 monthly remunerations; deputies to the Chairman of the Council: J.Savickis in the amount of 6 monthly remunerations and O.Giese in the amount of 6 monthly remunerations; members of the Council J.Tumat, H.P.Floren, N.Merigo Cook, G.Rivron, N.Dubik, E.Mikhaylova, V.Khatkov and O.Ivanov in the amount of 6 monthly remunerations.

Riga, November 16, 2016

**The Management Board of the Joint Stock Company "Latvijas Gāze"**