



„LIETUVOS ENERGIJA”, UAB

(incorporated with limited liability under the laws of the Republic of Lithuania)

EUR 1,500,000,000 Euro Medium Term Note Programme

This supplement (the “**Supplement**”) to the base prospectus dated 21 June 2018 (the “**Base Prospectus**”, which definition includes all information incorporated by reference therein), constitutes a prospectus supplement for the purposes of Article 16.1 of the Prospectus Directive (Directive 2003/71/EC) and Article 13(1) of the Luxembourg Act dated 10 July 2005 on prospectuses for securities, as amended, and is prepared in connection with the EUR 1,500,000,000 Euro Medium Term Note Programme (the “**Programme**”) established by and subsequently updated by „Lietuvos energija”, UAB (the “**Issuer**”).

This Supplement is supplemental to, and should be read in conjunction with, the Base Prospectus. Terms used in the Base Prospectus have the same meaning when used in this Supplement. This Supplement will be published on the website of the Luxembourg Stock Exchange (www.bourse.lu).

The Issuer accepts responsibility for the information contained in this Supplement and declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Supplement is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.

Purpose of the Supplement

The purpose of this Supplement is to amend the following sections of the Base Prospectus entitled (a) “*Risk Factors*”, (b) “*General Description of the Programme*”, (c) “*Terms and Conditions of the Notes*”, (d) “*Taxation*”, and (e) “*General Information*”.

Risk Factors

In the section entitled “*Risk Factors*” of the Base Prospectus, the Risk Factor, “*Notes may be redeemed prior to their stated maturity.*” on pages 20 to 21 of the Base Prospectus is hereby deleted in its entirety and replaced by the following:

“Notes may be redeemed prior to their stated maturity.

Under current Lithuanian laws and regulations, interest payments under any Notes (which also includes as interest, if applicable, the difference between the redemption price and the issue price of the Notes) to individuals (non-tax residents of Lithuania) are subject to Lithuanian withholding tax, until 1 January 2019, at a rate of 15 per cent. (unless a double tax treaty with the Republic of Lithuania provides for a lower tax rate) and, as of 1 January 2019, at progressive tax rates of (i) 15 per cent., if the total amount of income (excluding income from employment, self-employment and dividends) received by a non-tax resident individual during the calendar year does not exceed the sum of 120 statistical Lithuanian gross average salaries (this figure according to the data of the 1st quarter of 2018 is EUR 107,424) and (ii) 20 per cent., which shall be applied to any income (excluding income from employment, self-employment and dividends) received by a non-tax resident individual during the calendar year, exceeding the aforementioned threshold (unless a double tax treaty with the Republic of Lithuania provides for a lower tax rate). Under current Lithuanian laws and regulations, interest payments under any Notes (which also includes as interest, if applicable, the difference between the redemption price and the issue price of the Notes) to entities residing outside of the EEA or in countries which do not benefit from a double tax treaty with the Republic of Lithuania are subject to Lithuanian withholding tax at a rate of 10 per cent. – see further “*Taxation*”. The Issuer has undertaken to pay additional amounts such that Noteholders receive the amount of interest they would have received had there been no such withholding. If the Issuer has or will become obliged to pay any other additional amounts as provided or referred to in Condition 12 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of the Republic of Lithuania or any political subdivision or any authority thereof or therein having power to tax, or

any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date of issue of the first Tranche of the Notes (other than a change resulting from the implementation of the Lithuanian Law No, XIII-1335, dated 28 June 2018, amending articles 2, 6, 16, 20, 21 and 27 of the Law on Personal Income Tax of the Republic of Lithuania, No. IX-1007 (in Lithuanian – *Lietuvos Respublikos gyventojų pajamų mokesčio įstatymo Nr. IX-1007 2, 6, 16, 20, 21 ir 27 straipsnių pakeitimo įstatymas, Nr. XIII-1335, data 2018 m. birželio 28 d.*) that was adopted by the Parliament of the Republic of Lithuania on 28 June 2018), the Issuer may redeem all outstanding Notes in accordance with the Conditions.”

General Description of the Programme

In the section entitled “*General Description of the Programme*” of the Base Prospectus, the sub-section on “*Taxation*” on pages 25 and 26 is hereby deleted in its entirety and replaced by the following:

“Taxation:

All payments of principal and interest in respect of Notes and the Coupons by or on behalf of the Issuer shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the Republic of Lithuania or any political subdivision therein or authority therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments or governmental charges is required by law. In that event, the Issuer shall (subject as provided in Condition 12 (*Taxation*)) pay such additional amounts as will result in the receipt by the Noteholders and the Couponholders after such withholding or by them had no such withholding or deduction been required, all as described in “*Terms and Conditions of the Notes – Taxation*”.

Under current Lithuanian laws and regulations, interest payments under any Notes (which also includes as interest, if applicable, the difference between the redemption price and the issue price of the Notes) to individuals (non-tax residents of Lithuania) are subject to Lithuanian withholding tax, until 1 January 2019, at a rate of 15 per cent. (unless a double tax treaty with the Republic of Lithuania provides for a lower tax rate) and, as of 1 January 2019, at progressive tax rates of (i) 15 per cent., if the total amount of income (excluding income from employment, self-employment and dividends) received by a non-tax resident individual during the calendar year does not exceed the sum of 120 statistical Lithuanian gross average salaries (this figure according to the data of the 1st quarter of 2018 is EUR 107,424) and (ii) 20 per cent., which shall be applied to any income (excluding income from employment, self-employment and dividends) received by a non-tax resident individual during the calendar year, exceeding the aforementioned threshold (unless a double tax treaty with the Republic of Lithuania provides for a lower tax rate). Under current Lithuanian laws and regulations, interest payments under any Notes (which also includes as interest, if applicable, the difference between the redemption price and the issue price of the Notes) to entities residing outside of the EEA or in countries which do not benefit from a double tax treaty with the Republic of Lithuania are subject to Lithuanian withholding tax at a rate of 10 per cent. – see further “*Taxation*”. The Issuer will pay additional amounts in respect of this withholding so that Noteholders receive the full amount they would have received had there been no withholding. For so long as the Notes are held in global form, the Issuer will pay such additional amounts on the entire principal amount of the Notes represented by such Global Note.”

Terms and Conditions of the Notes

In the section entitled “*Terms and Conditions of the Notes*” of the Base Prospectus, the sub-condition 9(b)(ii)(A) on page 59 is hereby deleted in its entirety and replaced by the following:

“(A) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 12 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of the Republic of Lithuania or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date of issue of the first Tranche of the Notes (other than a change resulting from the implementation of the Lithuanian Law No, XIII-1335, dated 28 June 2018, amending articles 2, 6, 16, 20, 21 and 27 of the Law on Personal Income Tax of the Republic of Lithuania, No. IX-1007 (in Lithuanian – *Lietuvos Respublikos gyventojų pajamų mokesčio įstatymo Nr. IX-1007 2, 6, 16, 20, 21 ir 27 straipsnių pakeitimo įstatymas, Nr. XIII-1335, data 2018 m. birželio 28 d.*) that was adopted by the Parliament of the Republic of Lithuania on 28 June 2018); and”.

In the section entitled “*Terms and Conditions of the Notes*” of the Base Prospectus, the last paragraph of Condition 12 “*Taxation*” on pages 63 and 64 is hereby deleted in its entirety and replaced by the following:

“Under current Lithuanian laws and regulations, interest (which also includes as interest, if applicable, the difference between the redemption price and the issue price of the Notes) payments under the Notes to individuals (non-tax residents of Lithuania) are subject to withholding tax, until 1 January 2019, at a rate of 15 per cent. (unless a double tax treaty with the Republic of Lithuania provides for a lower tax rate) and, as of 1 January 2019, at progressive tax rates of (i) 15 per cent., if the total amount of income (excluding income from employment, self-

employment and dividends) received by a non-tax resident individual during the calendar year does not exceed the sum of 120 statistical Lithuanian gross average salaries (this figure according to the data of the 1st quarter of 2018 is EUR 107,424) and (ii) 20 per cent., which shall be applied to any income (excluding income from employment, self-employment and dividends) received by a non-tax resident individual during the calendar year, exceeding the aforementioned threshold (unless a double tax treaty with the Republic of Lithuania provides for a lower tax rate). Under current Lithuanian laws and regulations, interest payments under any Notes (which also includes as interest, if applicable, the difference between the redemption price and the issue price of the Notes) to entities residing outside of the EEA or in countries which do not benefit from a double tax treaty with the Republic of Lithuania are subject to Lithuanian withholding tax at a rate of 10 per cent.”

Taxation

In the section entitled “*Taxation*” of the Base Prospectus, the paragraphs entitled “*The Republic of Lithuania Taxation*” on pages 132 and 133 is hereby deleted in its entirety and replaced by the following:

“The Republic of Lithuania Taxation

The following is a summary of certain Lithuanian tax consequences of ownership and disposition of Notes to a resident individual or a non-resident individual acting through a fixed base in Lithuania or a resident entity or a non-resident entity acting through a permanent establishment in Lithuania (the “**Lithuanian Holder**”) or a non-resident individual who is not acting through a fixed base in Lithuania or non-resident entity which is not acting through a permanent establishment in Lithuania that holds such Notes (the “**Non-Lithuanian Holder**”). The information contained within this section is limited to Lithuanian withholding and income tax issues and prospective purchasers of Notes are advised to consult their own tax advisers concerning the overall Lithuanian tax consequences of the ownership of Notes.

As used in the preceding paragraph, a “**resident individual**” means an individual whose permanent place of residence is in Lithuania, or whose personal, social or economic interests are located in Lithuania or who is present in Lithuania for more than 183 days in the relevant tax period or more than 280 days in two consecutive tax periods, and a “**resident entity**” means an entity which is legally established in Lithuania, and a “**non-resident individual**” means an individual whose permanent place of residence is outside Lithuania, whose personal, social or economic interests are located outside Lithuania and who is present in Lithuania for less than 183 days in the relevant tax period and less than 280 days in two consecutive tax periods, and a “**non-resident entity**” means an entity which is not legally established in Lithuania. Taxation of interest income and capital gains received by non-resident entities acting through a permanent establishment in Lithuania is the same as that of resident entities defined above, therefore, it is not separately outlined in the further sections of this Base Prospectus. For relevant details on the taxation of Lithuanian permanent establishments as Noteholders, please refer to the taxation of resident entities.

On 28 June 2018, amendments to relevant tax laws of the Republic of Lithuania were passed by the Parliament of the Republic of Lithuania. These amendments shall apply as of 1 January 2019. Accordingly, the below information on certain Lithuanian taxes provides information on tax laws applicable until 1 January 2019 and to be applicable as of 1 January 2019.

Withholding Tax, Income Tax

Taxation of interest

Payments to Lithuanian Holders

Payments in respect of interest on the Notes (which also includes as interest, if applicable, the difference between the redemption price and the issue price of the Notes) to a resident individual, until 1 January 2019, will be subject to 15 per cent. personal income tax, and, as of 1 January 2019, will be subject to personal income tax at progressive tax rates of (i) 15 per cent., if the total amount of income (excluding income from employment, self-employment and dividends) received by a resident individual during the calendar year does not exceed the sum of 120 statistical Lithuanian gross average salaries (this figure according to the data of the 1st quarter of 2018 is EUR 107,424) and (ii) 20 per cent., which shall be applied to any income (excluding income from employment, self-employment and dividends) received by a resident individual during the calendar year, exceeding the aforementioned threshold. The total amount of interest (including interest on the Notes) received during the calendar year not exceeding EUR 500 will not be subject to personal income tax.

Payments in respect of interest on the Notes (which also includes as interest, if applicable, the difference between the redemption price and the issue price of the Notes) to a resident entity will be included into calculation of its taxable profit. Taxable profit will be subject to 15 per cent. corporate income tax.

Payments to Non-Lithuanian Holders

Payments in respect of interest on the Notes (which also includes as interest, if applicable, the difference between

the redemption price and the issue price of the Notes) to a non-resident individual, until 1 January 2019, will be subject to 15 per cent. withholding tax in Lithuania (unless a double tax treaty with the Republic of Lithuania provides for a lower tax rate) and as of 1 January 2019 at progressive tax rates of (i) 15 per cent., if the total amount of income (excluding income from employment, self-employment and dividends) received by a non-tax resident individual during the calendar year does not exceed the sum of 120 statistical Lithuanian gross average salaries (this figure according to the data of the 1st quarter of 2018 is EUR 107,424) and (ii) 20 per cent., which shall be applied to any income (excluding income from employment, self-employment and dividends) received by a non-tax resident individual during the calendar year, exceeding the aforementioned threshold (unless a double tax treaty with the Republic of Lithuania provides for a lower tax rate).

Payments in respect of interest on the Notes (which also includes as interest, if applicable, the difference between the redemption price and the issue price of the Notes) to a non-resident entity which is registered or otherwise organised in a state of the European Economic Area or in a state with which the Republic of Lithuania has concluded and brought into effect double tax treaty, will not be subject to withholding tax in Lithuania. Payments in respect of interest on the Notes to a non-resident entity other than listed above will be subject to 10 per cent. withholding tax.

Accordingly, until 1 January 2019, if the Issuer is unable to identify the Holder of a Note and determine such Holder's eligibility for exemption from withholding tax, payments of interest in respect of the Notes (which also includes as interest, if applicable, the difference between the redemption price and the issue price of the Notes) will be subject to 15 per cent. withholding tax to be withheld and paid to the budget of the Republic of Lithuania by the Issuer. Likewise, as of 1 January 2019, if the Issuer is unable to identify the Holder of a Note and determine such Holder's eligibility for lower tax rate or exemption from withholding tax, payments of interest in respect of the Notes to any such Holder of a Note (which also includes as interest, if applicable, the difference between the redemption price and the issue price of the Notes) will be subject to 20 per cent. withholding tax to be withheld and paid to the budget of the Republic of Lithuania by the Issuer.

Taxation on Disposition of Notes

Payments to Lithuanian Holders

Capital gains (i.e. the difference between the sale price and acquisition costs) on disposal of the Notes received by a resident individual, until 1 January 2019, will be subject to 15 per cent. personal income tax, and received as of 1 January 2019, will be subject to progressive tax rates of (i) 15 per cent., if the total amount of income (excluding income from employment, self-employment and dividends) received by a resident individual during the calendar year does not exceed the sum of 120 statistical Lithuanian gross average salaries (this figure according to the data of the 1st quarter of 2018 is EUR 107,424) and (ii) 20 per cent., which shall be applied to any income (excluding income from employment, self-employment and dividends) received by a resident individual during the calendar year, exceeding the aforementioned threshold. Any capital gains received from the sale of securities (including the Notes) during the calendar year not exceeding EUR 500 will not be subject to personal income tax. The tax relief will not apply if the sale proceeds are received from entities established in a tax haven or from individuals whose permanent place of residence is in a tax haven.

Capital gains (i.e. the difference between the sale price and acquisition costs) on disposal of the Notes received by a resident entity will be included into calculation of its taxable profit. Taxable profit will be subject to 15 per cent. corporate income tax.

Payments to Non-Lithuanian Holders

The disposition of Notes by the Non-Lithuanian Holder will not be subject to any Lithuanian income or capital gains tax.

Registration and Stamp Duty

Transfers of Notes will not be subject to any registration or stamp duty in Lithuania.”

General Information

In the section entitled “*General Information*” of the Base Prospectus, the paragraph entitled “*Authorisation*” on page 138 of the Base Prospectus is deleted in its entirety and replaced as follows:

“Authorisation

1. The update of the Programme was authorised by resolutions of the Board of Directors of the Issuer passed on 31 May 2018 and 21 June 2018. The Supplement was authorised by a resolution of the Board of Directors of the Issuer passed on 2 July 2018. The Issuer has obtained or will obtain from time to time all necessary issuances, approvals and authorisations in connection with the issue and performance of the Notes.”

General

To the extent that there is any inconsistency between (a) any statement in this Supplement and (b) any other statement in or incorporated by reference in the Base Prospectus, any statement in (a) will prevail.

Save as disclosed in this Supplement, no other significant new factor, material mistake or inaccuracy relating to information included in the Base Prospectus has arisen or been noted, as the case may be, since the publication of the Base Prospectus.