

NOTARY IN AND FOR TALLINN MERLE SAAR-JOHANSON

NOTARY'S BOOK OF OFFICIAL RECORDS No

1817

MINUTES AND RESOLUTIONS OF THE GENERAL MEETING OF PUBLIC LIMITED COMPANY TALLINNA VESI

Prepared and issued in Tallinn on the twenty-first day of May in the year two thousand and ten (21.05.2010).

I, the Notary in and for Tallinn Merle Saar-Johanson, whose office is located in Tallinn, Rävåla pst 3 / Kuke tn 2, was present at the ordinary meeting (hereinafter: "the Meeting") of shareholders of PUBLIC LIMITED COMPANY TALLINNA VESI, registry code 10257326, located at Ädala 10, Tallinn, 10614, that took place on the eighteenth day of May in the year two thousand and ten (18.05.2010).

The Meeting was held in Tallink Spa & Conference hotel (Sadama 11A, Tallinn) at the conference hall on the 2nd floor in „Galaxy 1 + Galaxy 2" rooms.

The notice of convening the Meeting was published on the 23rd of April 2010 on the fifth page of daily newspaper "Eesti Päevaleht".

The Meeting was chaired by **Raino Paron**, personal ID code 36507044211, who is personally known to the notariser of this deed and the Minutes were taken by **Iiona Nurmela** personal ID code 47610020228, who is personally known to the notariser of this deed

Share capital of AKTSIASELTS TALLINNA VESI is two hundred million one thousand (200 001 000) kroons which are divided into A-shares (20 000 000 shares), each having nominal value of ten (10) kroons, whereof each share shall give one (1) vote in the Meeting, and into B-shares (1 share) having a nominal value of thousand (1000) kroons that shall give one (1) vote in the Meeting, but pursuant to the provisions of clause 3.2.1.2. of the Articles of Associations of AKTSIASELTS TALLINNA VESI, the B-share shall not grant a right to vote to a shareholder regarding the agenda item of the present Meeting. A voting right of the shareholder in general meeting shall be determined according to share register data as of 11th of May 2010 at 23:59. The list of participants was prepared by the representative of the Estonian Central Register of Securities.

According to the list of participants in the General Meeting constituting an Annex to this notarial deed, the general meeting was attended and represented by 32 shareholders, and 17 436 106 votes in total are represented by the shares of the aforementioned shareholders which constitutes 87,18% of the votes represented by shares. Pursuant to subsection 3 of section 36 of the Notarisation Act, the chair of the meeting shall be liable for the correctness of the list of participants.

The quorum of the meeting has been verified by the person who has prepared this notarial deed on the basis of the list of participants that was signed by the chair of the Meeting at the presence of the person who has prepared this notarial deed. The person who has prepared this

notarial deed has verified the compatibility of the list of participants with share register and the list of participants corresponds to the share register. The person who has prepared this notarial deed has also verified the authorisations of the representatives of the shareholders.

Chair of the Meeting Raino Paron introduced the agenda of the Meeting, translation possibilities and said that the participants shall be entitled to ask questions and submit written applications and explained that the voting results shall be calculated to the accuracy of two decimal places.

Agenda of the Meeting consisted of the following:

- 1. Approval of the Annual Report**
- 2. Distribution of profits**
- 3. Removal of members of the Supervisory Board**
- 4. Election of members of the Supervisory Board**
- 5. Election of the Auditor**

Mr Plenderleith introduced the strategy of AS Tallinna Vesi and also the most important events of 2009 (reflected in Financial Report 2009).

Agenda item 1. Voting was conducted on the proposal to approve the Financial Report

2009. Voting results:

in favour: 17 432 301 votes i.e. 99,98 % of the votes represented at the Meeting

against: 5 votes i.e. 0,00 % of the votes represented at the Meeting

impartial: 3800 votes i.e. 0,02 % of the votes represented at the Meeting

Since more than half of the votes represented in the Meeting in favour is required to pass the aforementioned resolution, the resolution of the Meeting is considered to have been adopted.

Question from Vladimir Makarov: Last year c.a. 66 million of profit were not distributed and it was justified by the existence of risks. This year the amount of dividends exceeds the profit of 2009. Does it mean that there will be no risks in the future?

Ian Plenderleith: The Public Limited Company made a thorough analysis of some factors affecting the activities of the Company, including cash flow analysis for the business plan period, in order to understand where from we receive our money and where is it going (such analysis is made annually). Then different risk scenarios that are likely to occur during the business plan period were taken into account. Besides, the Company is holding regular meetings with its major shareholders in order to discuss which dividends they want to receive. The Management Board made a proposal on division of dividends to the Supervisory Board and shareholders, taking into account the goals set by the Company, levels of service quality and the improvement thereof, analysis of expenditure and cash flows and the wishes of major shareholders.

Agenda item 2. Voting was conducted on the proposal to divide 500 010 000 kroons (EUR 31 956 463) as dividends of the undistributed profit of AS Tallinna Vesi as of 31.12.2009, including of net profit of 2009 in the amount of 339 933 577 kroons (EUR 21 725 715) as follows:

- 1) The owners of A-shares shall be paid dividends in the amount of 25 kroons (EUR 1,6) per a share and the owner of B-share shall be paid dividends in the amount of 10 000 kroons (EUR 639) per a share;
- 2) not to distribute retained profits from previous periods;

- 3) To pay the dividends to the shareholders on the 11th of June 2010 and approve a list of security owners with right to dividends on the basis of data as of the 1st of June 2010 at 23.59.

Voting results:

in favour: 17 434 886 votes i.e. 99,99 % of the votes represented at the Meeting

against: 1220 votes i.e. 0,01 % of the votes represented at the Meeting

impartial: 0 votes i.e. 0,00 % of the votes represented at the Meeting

Since more than half of the votes represented in the Meeting in favour is required to pass a resolution, the resolution of the Meeting is considered to have been adopted.

Agenda item 3. With regard to the necessity to harmonise terms of office of all members of the Supervisory Board to be elected, because there tends to be a lack of consistency regarding termination deadlines of the aforementioned terms over the years, voting was conducted on the proposal to remove from the Supervisory Board of AS Tallinna Vesi before the specified term Robert John Gallienne, Matti Hyrynen, Valdur Laid, Mart Mägi and Rein Ratas.

Voting results:

in favour: 17 431 310 votes i.e. 99,97 % of the votes represented at the Meeting

against: 0 votes i.e. 0,00 % of the votes represented at the Meeting

impartial: 4443 votes i.e. 0,03 % of the votes represented at the Meeting

Since at least 2/3 of the votes represented in the Meeting in favour is required to pass the aforementioned resolution (at least 11 624 070, 67 votes), the resolution of the Meeting is considered to have been adopted by the Chair of the Meeting.

Agenda item 4. Voting was conducted on the proposal to appoint Robert John Gallienne, Matti Hyrynen, Valdur Laid, Mart Mägi and Rein Ratas the members of the Supervisory Board of AS Tallinna Vesi since the 18th of May 2010.

Question from Mikk Talusepp: What is the amount of remuneration for the Supervisory Board members?

Robert John Gallienne: The annual remuneration of the Supervisory Board member is 100 000 kroons. This resolution was adopted 4 years ago and the amount of remuneration was established on the basis of the survey on the amounts of remuneration of the Supervisory Board members of all the companies admitted to official listing on a stock exchange of Baltic states. The amount of remuneration of the Supervisory Board members of the Company is lower than the average amount of the above-mentioned survey. This is public information that has been published also in the homepage of the Company.

Voting results:

Robert John Gallienne in 17 435 490 votes i.e. 100 % of the votes
favour: favour: represented
at the
Meeting

Matti Hyrynen in 17 432 258 votes i.e. 99,98 % of the
favour: favour: votes

Valdur Laid	in favour:	17 435 753	votes	i.e.	100	%	represented at the Meeting % of the votes represented at the Meeting
Mart Mägi	in favour:	17 435 748	votes	i.e.	100	%	represented at the Meeting % of the votes represented at the Meeting
Rein Ratas	in favour:	17 435 158	votes	i.e.	99,99	%	represented at the Meeting % of the votes represented at the Meeting

Since the candidate who has received more votes in favour than the other candidates shall be considered to have been elected, the following persons were appointed the Supervisory Board members since 18.05.2010: Robert John Gallienne, Matti Hyyrynen, Valdur Laid, Mart Mägi and Rein Ratas.

Agenda item 5. Voting was conducted on the proposal to appoint AS PricewaterhouseCoopers the Auditor of the Financial Year 2010 of AS Tallinna Vesi and Tiit Raimla was appointed the Lead Auditor. To approve the procedure for remuneration of the Auditor provided for in the contract concluded with the Auditor.

in favour: 17 435 558 votes i.e. 100 % of the votes represented at the Meeting.

Since the candidate who has received more votes in favour than the other candidates shall be considered to have been elected, AS PricewaterhouseCoopers was appointed the Auditor and Tiit Raimla was appointed the Lead Auditor.

Question from Vladimir Makarov: When we look at the fluctuations of share prices this year, there will be a risk that the notice of passage of the first reading of the Monopolies Control Act and the notice of court procedure might essentially affect the share price. What resolutions have been adopted and which is the relevant policy in order to avoid this danger?

Ian Plenderleith: Share basis has been stable during the last 2 years and thus the share price is of low liquidity. Therefore, the sales of small amount of shares might essentially affect the share price. Public statements and opinions given by different instances have referred to the analysis of the Competition Board that was published on 01.12.2009 stating that the cost benefit of the Public Limited Company is twice as big as it should be, and thus the Public Limited Company should lower the price which constitutes in fact the violation of the contract concluded with the City of Tallinn. The Public Limited Company has analyzed the analysis of the Competition Board and has come to the conclusion that this analysis is defective, inaccurate and disruptive. Unfortunately this defective, inaccurate and disruptive analysis has been given due regard. The Public Limited Company is implementing the economic principles based on the best international practices in its activities.

The Public Limited Company has analyzed the situation and data and has come to the conclusion that the cost benefit of the Public Limited Company is not as high as the one indicated by the Competition Board; in fact, it is much lower than the publicly disclosed number.

The Competition Board has referred in its analysis to the methodology of OFWAT, the regulator of the United Kingdom, but, unfortunately, the Competition Board has not used this methodology in its analysis in a correct manner. If the Competition Board had implemented

the methodology of OFWAT in a correct manner, there would have been totally different result. The Public Limited Company has tried to initiate an open dialogue both with the Competition Board and the Chancellor of Justice, but the aforementioned institutions are not interested in the discussion based on the best international practices with the Public Limited Company.

The voting was conducted by the representative of the Estonian Central Securities Depository. The voting took place on the basis of the ballot papers issued to the shareholders upon their entry in the list of shareholders. Voting results were calculated by electronic means.

The resolutions reflected in these Minutes have been adopted in compliance with the requirements provided by law and the Articles of Association.

The following Annexes have been attached to these Minutes:

1. List of the participants at the Meeting
2. Powers of Attorney of the representatives of the shareholders

This notarial deed and the Annexes thereto have been given for examination to the Chair of the Meeting and the Minutes Secretary prior to the signature thereof and then signed by own hand at the presence of the notariser of this deed.

This notarial deed (The Minutes and Resolutions of the General Meeting) has been prepared and signed in one (1) original counterpart, which shall be kept at the office of the Notary. On the day of preparation of the deed, the Public Limited Company shall receive the first transcript of the notarial deed.

The present document is drawn up on pages, bound with string and embossing press.

Transaction value for the calculation of the Notary fee upon the notarisation of the Minutes and Resolutions of the General Meeting is the amount of the share capital.

Notary fee: The Minutes of the General Meeting 5000.00 kroons (transaction value 50 000, 250.00 kroons pursuant to subsection 4 of section 18, section 22, item 4 of subsection 1 of section 29 of the Notary Fees Act).

For the transaction outside the Notary's office 180.00 kroons (subsection 2 of section 36 of the Notary Fees Act).

Notary fee total	5,180.00 kroons.	
VAT	1,036.00 kroons.	^
Total	6,216.00 kroons.	

Chair of the Meeting



First name and family name in characters



signature

Minutes Secretary



First name and family name in characters



signature