

## PREAMBLE

The Republic of Albania, the Hellenic Republic and the Italian Republic (hereinafter referred to as “the **Parties**” or, individually, as “the **Party**”) represented by their respective governments,

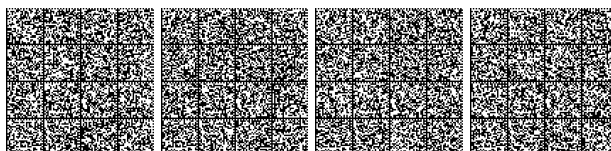
- (1) in furtherance of the principles set forth in international trade and investment agreements applicable to each Party, including the Energy Charter Treaty, the Community Treaties and the Energy Community Treaty, and the need to further expand and implement co-operation among the Parties in the energy sector;
- (2) in an effort to further promote mutually beneficial cooperation in ensuring the reliable supply of natural gas from sources in Central Asia and the Middle East, including from the Republic of Azerbaijan, to the European Union via the Republic of Turkey;
- (3) understanding that Trans Adriatic Pipeline AG wishes to construct and operate a cross-border interconnector pipeline originating in the Hellenic Republic at the Greek-Turkish border and designed to transport Natural Gas through the Hellenic Republic to the Italian Republic via the Republic of Albania;
- (4) acknowledging that the development and interconnection (pursuant to the Interconnection Agreements relating to this Project) of the Trans-Anatolian Natural Gas Pipeline System and of the natural gas transport systems of the Parties to the Trans Adriatic Pipeline will enhance the security and availability of natural gas supply as a result of the diversification of routes and sources of supply of natural gas to the European Union;
- (5) recognising the important strategic and integral role that the Trans Adriatic Pipeline will fulfil in opening the Southern Gas Corridor and referring to the designation by the European Union's Trans-European Networks – Energy program of the Trans Adriatic Pipeline as a southern corridor (natural gas route 3) pipeline;
- (6) acknowledging that any Host Government Agreement entered into by a Party may be ratified by its national Parliament either after or concurrently with the ratification of this Agreement by its national Parliament;
- (7) acknowledging that the European Commission has been apprised of the negotiations of this Agreement and the intentions of the Parties in relation to its execution; and
- (8) with a view to creating uniform and non-discriminatory conditions and standards for the planning, construction and operation of the Trans Adriatic Pipeline in accordance with the domestic legislation of the Parties and bilateral and multilateral international agreements and treaties applicable to each Party;
- (9) having in mind the Memorandum of Understanding between the Government of the Hellenic Republic the Council of Ministers of the Republic of Albania and the Government of the Italian Republic on cooperation in relation to the Trans Adriatic Pipeline Project signed in New York on 27 September 2012;

AGREE AS FOLLOWS:

## ARTICLE 1

### DEFINITIONS

Capitalised terms used in this Agreement (including the Preamble) have the meanings given to them in the Appendix to this Agreement.



## ARTICLE 2

### PROJECT SUPPORT AND COOPERATION

1. The Parties will facilitate, enable, and support the implementation of the Project and to co-operate and co-ordinate with each other in that respect and shall provide stable, transparent and non-discriminatory conditions for the implementation and execution of the Project.
2. The Parties agree that Transport shall be performed in accordance with the provisions of this Agreement and the applicable legislation under the Community Treaties and the Energy Community Treaty, relating to the same, and without imposing any unreasonable delays, restrictions or charges.

## ARTICLE 3

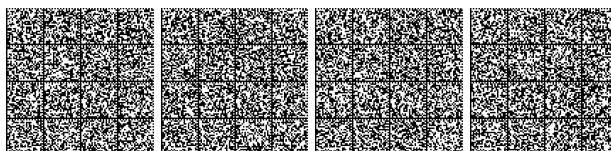
### RELATIONSHIP WITH LAWS AND TREATIES

1. No provision of this Agreement shall require:
  - (a) the Hellenic Republic or the Italian Republic to derogate from any mandatory requirement under the Community Treaties; or
  - (b) the Republic of Albania to derogate from any mandatory requirement under the Energy Community Treaty.
2. The Project Participants shall be regarded as "Investors" for the purposes of article 1(7) of the Energy Charter Treaty and the Project and all aspects of it, and any interest they may have under any agreement relating to the Project, shall be each regarded as an "Investment" into the Territory of the relevant Party for the purposes of article 1(6) of the Energy Charter Treaty.

## ARTICLE 4

### AUTHORISED ENTITIES

1. Each Party appoints the following Persons to send and receive communications and notices from the other Parties in relation to this Agreement and to act as coordinator of that Party's rights and obligations under this Agreement:
  - (a) for the Republic of Albania, the General Standard Directorate in the Ministry of Economy, Trade and Energy,
  - (b) for the Hellenic Republic, the B' General Directorate for Economic Relations of the Ministry of Foreign Affairs, and
  - (c) for the Republic of Italy, the Department of energy - Directorate General for Security of Supply and Energy infrastructures of the Ministry of Economic Development(each an "**Authorised Entity**" and collectively, the "**Authorised Entities**").
2. Each Party may designate additional or replacement Persons to act as its Authorised Entities for purposes of this Agreement by providing notice of the same to each other Party.



## ARTICLE 5

### HOST GOVERNMENT AGREEMENTS

1. The Republic of Albania and the Hellenic Republic, being the Parties in whose Territories the majority of the Trans Adriatic Pipeline will be located, acting through their respective Host Governments, have each entered, or will each enter, into a Host Government Agreement with the Project Investor, in compliance with the relevant mandatory requirements referred to in Article 3(1) above and which include, without limitation, provisions on the Taxes (including Tax rates) which will apply to the Project Investor in the jurisdiction of each of those Parties. Each Host Government Agreement shall be ratified by national law of the relevant Party.

2. Each Host Government Agreement which a Party enters into:

(a) is deemed to have been or shall be entered into by virtue of and in furtherance of and elaboration of this Agreement; and

(b) shall be the Law that implements that Party's obligations, agreements and undertakings under or in connection with this Agreement, and no common/ordinary Law of that Party (including the interpretation and application procedures thereof) that is contrary to, or inconsistent with, the terms of that Host Government Agreement shall limit, abridge or affect adversely the rights granted under that Host Government Agreement to the Project Investor or any other Project Participant or otherwise amend, repeal or take precedence over the whole or any part of that Host Government Agreement.

## ARTICLE 6

### AUTHORISATIONS

Each Party recognises the strategic national importance to that Party of the Project and accordingly shall take all measures to facilitate the fulfilment of the Project in its territory, including the granting of all Authorisations required for the implementation of the Project and the conduct of the Project in accordance with the Laws of the relevant Party without unreasonable delays or restrictions.

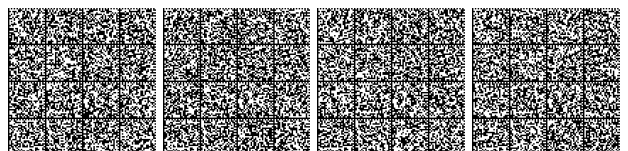
## ARTICLE 7

### NON-INTERRUPTION OF THE PROJECT

1. No Party shall, except through a competent authority pursuant to EU Regulation 994/2010, on Security of Gas Supply (the **Gas Supply Regulation**) interrupt, curtail, delay or otherwise impede the (forward and/or reverse) flow of Natural Gas through the Trans Adriatic Pipeline.

2. If any event occurs or any situation arises which gives reasonable grounds to believe that a threat to interrupt, curtail or otherwise impede any aspect of the Project (other than the flow of Natural Gas through the Trans Adriatic Pipeline) exists, the Party in respect of whose territory the relevant threat has arisen, shall use all lawful and reasonable endeavours to eliminate that threat

3. If any event occurs or any situation arises which interrupts, curtails, or otherwise impedes any aspect of the Project, the Party in respect of whose territory the relevant event or situation has arisen shall immediately give notice to the other Parties and the Project Investor of the event or situation, give reasonably full details of the reasons for the event or situation and (except in the case of interruption, curtailment or impeding of the flow of Natural Gas through the Trans Adriatic Pipeline) shall use all lawful and reasonable endeavours to eliminate the event or situation and shall promote restoration of the affected aspect of the Project at the earliest possible opportunity.





## ARTICLE 8

### CONSISTENT PROJECT STANDARDS

The Parties acknowledge that in light of the cross border nature of the Project, it is essential that a coordinated and uniform set of standards apply to the whole of the Project, including in relation to technical, safety, environmental, social, community and labour standards and that the establishment between the Parties of those coordinated and uniform standards will be one of the responsibilities of the Implementation Commission contemplated by Article 10 of this Agreement.

## ARTICLE 9

### TAXES

For the determination of the tax assessment basis of the Project Investor, the provisions of the national legislation shall apply based on the principles of the Organisation for Economic Cooperation and Development. For revenues and costs of the Project Investor, uniform and appropriate allocation keys consistent with the clauses of the Double Tax Treaties relating to determination of business profits shall be set out in legally binding advance pricing agreements made between the tax authorities of each of the Parties among each other and with the tax authority of the Swiss Confederation (being the jurisdiction of incorporation of the Project Investor). The advance pricing agreements shall have a duration of a minimum of 25 years and will not be capable of being amended or terminated without the consent of the Project Investor. The allocation keys agreed by a Party set out in any advance pricing agreement shall also be reflected in the Host Government Agreement to which that Party is a party.

## ARTICLE 10

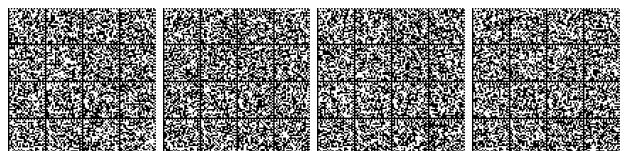
### IMPLEMENTATION COMMISSION

An Implementation Commission is hereby established consisting of two duly authorised representatives from each Party (the **Implementation Commission**). The Implementation Commission shall oversee compliance with this Agreement, work with the Project Investor to agree on a Protocol to be concluded by the Parties establishing a set of consistent and uniform standards referred to in article 8, to apply to the whole Project and shall take such other actions as it may, by consensus of its members, deem to be necessary to facilitate the implementation of this Agreement. The Project Investor shall be entitled to appoint one observer to the Implementation Commission, who may attend the meetings and other activities of the Implementation Commission. The Implementation Commission shall be an advisory body only and shall not be empowered to make final and binding decisions on behalf of the Parties, including in relation to the resolution of disputes under this Agreement.

## ARTICLE 11

### RESPONSIBILITY

Any failure of, or refusal by, a Party to fulfil or perform its obligations, take all actions and grant all rights and benefits as provided for by this Agreement shall constitute a breach of such Party's obligations under this Agreement. The responsibility of a Party under this Article shall, in accordance with the general principles of international law, extend to the acts and omissions of any State Authority or State Entity.





**ARTICLE 12****AMENDMENTS AND TERMINATION**

No Party shall amend, or otherwise seek to avoid or limit this Agreement without the prior written consent of each of the other Parties. Any amendments to this Agreement shall be adopted by all the Parties in writing and shall enter into force in accordance with the procedure prescribed in article 14 of the present Agreement. This Agreement shall remain in full force and effect until the date of completion of the decommissioning of the entire Trans Adriatic Pipeline. No party may denounce or withdraw from this Agreement or suspend the performance of its obligations under this Agreement without the prior consent of each of the other Parties. However, if the Trans Adriatic Pipeline is not selected by the Shah Deniz Consortium to transport natural gas from the Caspian Region to Europe, TAP shall identify, in agreement with the Parties and within a period of 24 months from the entry into force of this Agreement, alternative sources of supply. Failing this, a Party may withdraw from the Agreement by sending a three months prior written notice to the other Parties through diplomatic channels.

**ARTICLE 13****DISPUTE RESOLUTION**

Disputes relating to the interpretation or the implementation of this Agreement shall be settled by diplomatic means.

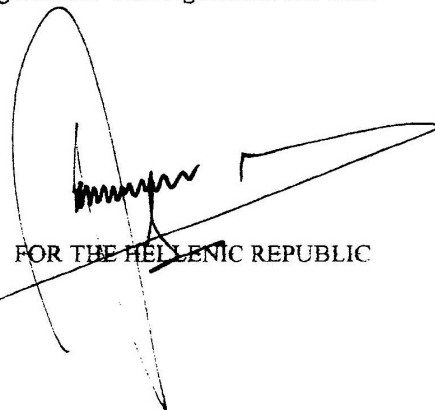
**ARTICLE 14****ENTRY INTO FORCE**

This Agreement shall enter into force on the date that the respective national instruments of ratification have been exchanged by all the Parties (the Effective Date). Upon ratification, each Party shall take the necessary legal measures to implement the provisions of this Agreement. This Agreement has been made in three original copies in the English language.

Done this 13<sup>th</sup> day of February 2013 at Athens, Greece.



FOR THE REPUBLIC OF ALBANIA



FOR THE HELLENIC REPUBLIC

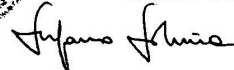


FOR THE ITALIAN REPUBLIC



ORDINE DEL MINISTRO

Capo Ufficio Legislativo  
Cons. Amb. Stefano Soliman




**APPENDIX****DEFINED TERMS**

**Affiliate** means, with respect to any Entity, any other Person that, directly or indirectly through one or more intermediaries, controls, is controlled by or is under common control with that Entity. For purposes of this definition, “**control**” means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of an Entity, whether through the ownership of a majority or other controlling interest in the voting securities, equity or other ownership interest in an Entity, by law, or by agreement between Persons conferring such power or voting rights.

**Agreement** means this intergovernmental agreement, including any Appendices attached hereto, as amended, supplemented or otherwise modified from time to time.

**Authorisation** means any authorisation, consent, concession, license, permit or other form of approval, by or with any Party or State Authority whether held or to be held in the name of any Project Participant relating to or in connection with any activity relating to the Project.

**Community Treaties** means the Treaty Establishing the European Community (the Treaty of Rome, as amended by the Treaty of Amsterdam, and the Treaty of Nice), the Treaty of Maastricht (as amended by the Treaty of Amsterdam and the Treaty of Nice) and the Treaty establishing the European Atomic Energy Community, and in so far as those Treaties are replaced and succeeded by the Treaty of Lisbon, that is, the Treaty of European Union and the Treaty on the Functioning of the European Union.

**Constitution** means, with respect to any Party, the constitution of that Party, as the same may be amended or otherwise modified or replaced from time to time.

**Contractor** means any Person supplying directly or indirectly, whether by contract, subcontract or otherwise, goods, work, technology or services, including financial services (including inter alia, credit, financing, insurance or other financial accommodations) to the Project Investor or its Affiliates in connection with the Project to an annual contractual value of at least EUR 100,000, excluding, however, any individual acting in his or her role as an employee of any other Person.

**Effective Date** has the meaning given to it in Article 14.

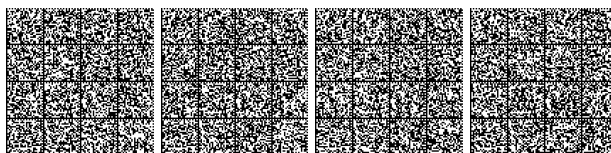
**Energy Charter Treaty** means the Energy Charter Treaty as opened for signature in Lisbon on 17 December 1994 and in force as of 16 April 1998.

**Energy Community Treaty** means the Energy Community Treaty as opened for signature in Athens on 25 October 2005 and in force as of 1<sup>st</sup> July 2006.

**Entity** means any company, corporation, limited liability company, joint stock company, partnership, limited partnership, joint venture, unincorporated joint venture, association, trust or other juridical entity, organisation or enterprise duly organised by treaty or under the laws of any state or any subdivision thereof.

**Gas Seller** means any Person that is a seller of Natural Gas at the point where the Trans Adriatic Pipeline interconnects with the national Natural Gas transmission or distribution network of a Party.

**Host Government** means the central or federal government of a Party.





**Host Government Agreements** means agreements entered, or to be entered, into between:

1. the Host Government of the Hellenic Republic (on behalf of the Hellenic Republic) and the Project Investor; and
2. the Host Government of the Republic of Albania (on behalf of the Republic of Albania) and the Project Investor.

**Implementing Act** means, in relation to any Party, any Law or Authorisation of that Party or any State Authority of that Party, or any Host Government Agreement or Project Agreement, confirming and detailing the rights and commitments set out in this Agreement.

**Insurer** means any insurance company or other Person authorised to provide and providing insurance cover (including re-insurance cover) for all or a portion of the risks in respect of the Trans Adriatic Pipeline and/or the Project, and any successors or permitted assignees of such insurance company or Person.

**Interconnection Agreement** means an agreement between a Project Participant and any Party, State Entity or State Authority or Trans Anatolian Gas Pipeline relating to the interconnection of the Trans Adriatic Pipeline, Trans Anatolian Gas Pipeline and the national Natural Gas transmission or distribution network of a Party.

**Law** means the laws of a Party binding and legally in effect from time to time, including the Constitution of that Party, all other laws, codes, decrees, by-laws, regulations, communiqués, declarations, principle decisions, orders, normative acts and policies, all international agreements to which that Party is party together with all domestic enactments, laws and decrees for ratification or implementation of such international agreements, and prevailing judicial interpretations of all such legal instruments.

**Lender** means any financial institution (including commercial banks, multilateral lending agencies, bondholders, guarantors (other than Shareholders) and export credit agencies) or other Person providing any indebtedness, loan, financial accommodation, extension of credit or other financing to the Project Investor in connection with the Trans Adriatic Pipeline (including any refinancing thereof), and any successor or permitted assignee of any such financial institution or other Person.

**Natural Gas** means hydrocarbons that are extracted from the subsoil in their natural state and are gaseous at normal temperature and pressure.

**Person** means any natural person or Entity.

**Project** means the evaluation, development, design, construction, installation, financing, refinancing, ownership, operation (including the Transport of Natural Gas through the Trans Adriatic Pipeline), repair, replacement, refurbishment, maintenance, expansion, extension (including laterals) and, at the relevant time, decommissioning of the Trans Adriatic Pipeline.

**Project Agreement** means any agreement, contract, license, concession or other document, other than this Agreement and any Host Government Agreement, to which, on the one hand, a Party, any State Authority or State Entity and, on the other hand, any Project Participant are or later become a party relating to the Project, including any Interconnection Agreement, as any such agreement, contract or other document may be extended, renewed, replaced, amended or otherwise modified from time to time in accordance with its terms.

**Project Investor** means Trans Adriatic Pipeline AG, a company organised under the laws of the Swiss Confederation.

**Project Participants** means the Project Investor, the Shareholders, the Shippers, the Contractors, the Lenders and the Gas Sellers.

**Shareholder** means, at any time, any Person holding any form of direct or indirect equity or other ownership interest in the Project Investor, together with any Affiliate, successors and permitted assignees of that Person.





**Shipper** means any Person which has a legal entitlement (whether arising by virtue of any contract or otherwise) to Transport Natural Gas through all or any portion of the Trans Adriatic Pipeline.

**State Authority** means, in relation to any Party, the central or federal government of that Party and any and all central, federal, regional, municipal, local and provincial authorities or bodies (but for the avoidance of doubt shall exclude any independent authority) of that Party and any constituent element of any of the foregoing.

**State Entity** means any Entity in which, directly or indirectly, a Party has a controlling equity or ownership interest or similar economic interest, or which that Party directly or indirectly controls. For purposes of this definition, "**control**" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of an Entity, whether through the ownership of a majority or other controlling interest in the voting securities, equity or other ownership interest in an Entity, by law, or by agreement between Persons conferring such power or voting rights.

**Taxes** means all existing and future levies, duties, customs, imposts, payments, fees, penalties, assessments, taxes (including VAT or sales taxes), charges and contributions payable to or imposed by a state, any organ or any subdivision of a state, whether central or local, or any other body having the effective power to levy any such charges within the territory of a state, and Tax shall mean any one of them and Taxation shall be construed accordingly.

**Trans Adriatic Pipeline** means the Natural Gas pipeline system intended to run from the Hellenic Republic at the Greek –Turkish border via the Republic of Albania to the vicinity of Lecce in the Italian Republic, including all the physical assets associated with that pipeline system, including all plant, equipment, machines, pipelines, tanks, compressor stations, fibre optic cables and other ancillary physical assets.

**Transport** means carriage, shipping or other transportation of Natural Gas, via any legal arrangement whatsoever.

