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Acquisition of shares in a closed stock company

Pursuant to the provisions of Law on Joint Stock Companies in cases of all or part of closed stock company's shares intended to be sold a shareholder is obliged to inform the closed stock company about such an intention in writing, by indicating the number of the shares and the price. The right of priority to acquire all shares that are being sold is vested to shareholders that have owned company's shares on the days of issue of abovementioned announcement if not specified otherwise in a closed stock company's articles of association.

Managing director of the closed stock company shall within five days after receipt of shareholder's announcement to sell the shares inform every shareholder about the number of shares being sold, offered price and the term during which the shareholder may inform the company about his/her/it intention to buy the shares. Such term shall not be shorter than 14 days and longer than 30 days after sending of company's announcement. Managing director of the closed stock company must inform the shareholder about other shareholders' intentions to buy all of his/hers/its sold shares within the period of 45 days.

In case of one or more of the closed stock company's shareholders within the indicated period have expressed their intention to buy all of shareholder's shares, the shareholder has an obligation to sell the shares to the shareholders that have expressed such intention. The shareholders that have expressed their intention to buy all the shares being sold have an obligation to buy and pay for the shares within the period of three months after the company has received the announcement on selling of the shares if otherwise not agreed with the selling shareholder. The seller of the shares has the right to request the buyer to provide additional means securing the payment of the price of shares (bank guarantee, pledge, etc).

If the demand of the shares being sold exceeds the offer, the shares are divided proportionally between the shareholders that have expressed their intention to buy the shares according to the number of shares owned by them.

Acquisitions of shares in a public joint stock company

Speaking about acquisitions of public stock company's shares, it must be said that following the provisions of Law on Joint Stock Companies public stock company has no right to limit shareholder's right to transfer fully paid shares to the ownership of another person, except for when the limitation period of transfer of employee shares had not expired. However in acquisitions of public stock company's shares provisions of other laws should be observed.

Approval of Competition Counsel

Certain acquisitions of the companies might require an approval of Competition Counsel in case such acquisition falls under the definition of concentration and certain turnover thresholds are met.

Reporting to Securities Commission

Person acting independently or collectively acting persons have an obligation to inform Securities Commission of the Republic of Lithuania and the accountable issuer within 7 days about number of votes owned in case he/she/it acquires 1/20, 1/10, 1/5, 1/3, 1/2, 2/3, 3/4 or 19/20 votes of accountable issuer's general shareholders' meeting. An acquiring person shall also provide the data on securities entitling to voting right or to possess issuer's securities in the future.

A person failing to fulfill the abovementioned duty has no right for two years to own more votes at issuer's general shareholder's meeting than the last limit of which he/she/it had informed properly. Further, by the means of court, decisions passed during the period after acquiring the shares

until providing of the correct information may be cancelled in case due to such decisions issuer's executive officers were changed or shareholder's property or non-property rights were infringed.

Mandatory takeovers

If a person acting independently or in concert with other persons acquires more than 40 % of the votes at the shareholders' meeting of an accountable issuer established in Lithuania it shall within 30 days to transfer securities exceeding the above threshold, or submit mandatory tender offer to buy-up the remaining securities of an accountable issuer entitling to voting right and securities certifying the right to acquire securities entitling to voting right.

Person acting independently or in concert with other persons after acquiring more than 40 % of the votes at

the shareholder's meeting loses all votes at issuer's general shareholder's meeting. The voting right is re-gained when the mandatory tender offer is registered with Securities Commission or the number of votes owned reduces to 40 % of the votes at the shareholder's meeting due to securities transfer transmission or other reasons.

Squeeze outs

A shareholder of an accountable issuer established in Lithuania acting independently or in concert with other persons after having acquired more than 95 % votes at issuers' general shareholder's meeting, obtains a right to request all other issuer's shareholders to sell their shares and the shareholders in such case have an obligation to sell their shares as provided by Law on Securities Market.