

PUBLIC JOINT – STOCK COMPANY INVALDA

THE BOARD'S REPORT ON THE INTENDED SPLIT - OFF

Vilnius
February 12, 2013

February 12, 2013

1. DEFINITIONS

Capitalized terms will have below indicated meanings:

- Shareholder** means any natural or legal person, which at the Completion of the Split - Off holds at least one ordinary registered share of the public joint - stock company INVALIDA of LTL 1 (one) par value. The **Shareholders** mean all Shareholders of the public joint - stock company INVALIDA together
- Split - Off Part** means a part of the public joint - stock company INVALIDA to be split - off and on the basis of the assets, equity and liabilities assigned to this part a new legal entity named public joint - stock company Invalda privatus kapitalas to be formed.
- Day of Exchange of Shares** means the day on which (i) the amended Articles of Association of the public joint - stock company INVALIDA stating a new name and reduced authorized capital will be registered by the Register of Legal Entities; and (ii) the public joint - stock company Invalda privatus kapitalas will be registered by the Register of Legal Entities. Except if otherwise is provided by legal acts, the moment of registration of amended Articles of Association of the public joint - stock company INVALIDA and the day of registration of the public joint - stock company Invalda privatus kapitalas will be deemed coincident at the end of the day of registration of both events, in case if both events take place on the same day; if the above mentioned registrations take place on different days, the moments of registration of those events will be deemed coincident at the end of the day of the latest event. Any reference to the Day of Exchange of Shares will mean the reference to end of the Day of Exchange of Shares, except otherwise is provided in the Terms or other related documents.
- Second Meeting** means the general meeting of shareholders of the Company Participating in the Split – Off, which will (i) elect managing bodies of the Company Participating in the Split – Off continuing after the Split – Off; and (ii) approve the amended Articles of Association of the Company Participating in the Split – Off as well as the Articles of Association of the Split – Off Company approving a new authorized capital and number of shares of those companies, if the Company Participating in the Split – Off will have treasury shares acquired before this general meeting of shareholders.
- Split - Off** means the process when (i) a part of the public joint - stock company INVALIDA continuing under the new name - public joint – stock company Invalda LT is split – off and the new company named a public joint – stock company Invalda privatus kapitalas is formed on the basis of the assets, equity and liabilities assigned to this part; and (ii) the annulled Shareholders’ shares in the public joint – stock company INVALIDA are at no charge exchanged for the ordinary registered shares in the newly established public joint – stock company Invalda privatus kapitalas; and (iii) the authorized capital of the public joint – stock company INVALIDA is reduced accordingly. The ordinary registered shares in the newly established company public joint – stock company Invalda privatus kapitalas are allocated to the Shareholders in accordance with the rules stated in Section 5 of those Terms.
- Terms** mean those public joint – stock company INVALIDA split – off terms drawn up in accordance with the provisions of the Civil Code of the

February 12, 2013

Republic of Lithuania, the Law on Companies of the Republic of Lithuania and other related legal acts.

February 12, 2013.

Day of the Terms

Completion of the Split - Off

means the end of the day on which the last of the following events will take place: (i) the amended Articles of Association of the public joint – stock company INVALIDA with a new name and reduced authorized capital will be registered by the Register of Legal Entities; or (ii) the public joint – stock company Invalda privatus kapitalas will be registered by the Register of Legal Entities; or (iii) annulled shares of the Shareholders in the public joint - stock company INVALIDA will be exchanged for the ordinary registered shares in the newly established the public joint – stock company Invalda privatus kapitalas; (iv) Transfer – Acceptance Certificates will be executed.

The Split - Off Company or the public joint – stock company Invalda privatus kapitalas

means the public joint - stock company Invalda privatus kapitalas, which will be formed as a result of the Split – Off.

Meeting of the Split - Off Company

means the general meeting of shareholders of the Split – Off Company which shall elect managing bodies of the Split - Off Company. Only the Shareholders who will receive shares in the Split – Off company according those Terms will have a right to participate in the Meeting of the Split – Off Company.

Company Participating in the Split-Off or the public joint stock company INVALIDA

means the public joint stock company INVALIDA, with its legal form a public joint stock company, the registered address - Vilnius city municipality, city of Vilnius, Šeimyniškių str. 1A, corporate code 1213 04349, VAT payer code LT213043414 which after the Split – Off and reduction of the authorized capital will continue its activity under the new name - public joint – stock company Invalda LT.

Register of Legal Entities

Vilnius Branch of the Register of Legal Entities of the State Enterprise Center of Registers.

Transfer – Acceptance Certificates

mean transfer – acceptance certificates executed between the Company Participating in the Split-Off and the Split – Off Company. On the basis of those transfer – acceptance certificates the Company Participating in the Split-Off will transfer a part of its assets, equity and liabilities to the Split – Off Company. The transfer – acceptance certificates from the day of execution shall constitute an integral part of the Terms.

First Meeting

means the general meeting of shareholders of the Company Participating in the Split – Off which will approve the Split – Off and Terms as well as the Articles of Association of the Company Participating in the Split – Off and the Split – Off Company. The approved Articles of Association of both companies will be amended by the Second Meeting if before this meeting the Company Participating in the Split – Off acquires treasury shares.

Report

the report on the intended split – off prepared by the Board of the public joint - stock company INVALIDA in accordance with Article 64 of the Law on Companies of the Republic of Lithuania and paragraph 3 of Article 2.99 of the Civil Code of the Republic of Lithuania.

February 12, 2013

In the Terms definitions in singular form, depending on the context, comprise the plural form and vice versa. The term “person” may be applicable on natural persons as well as legal persons.

The names in the Terms are used only for convenience purposes and shall have no impact on the meaning or interpretation of the Terms.

If not provided otherwise, any reference to the laws, a particular law or other legal act means a reference to the wording of the laws, particular law or other legal acts of the Republic Lithuania actual at the Day of the Terms.

2. PURPOSE OF THE SPLIT - OFF

2.1. The purpose of the Split – Off is: on the basis of provisions of the Law on Companies of the Republic of Lithuania, to split - off a part of the public joint – stock company INVALIDA continuing after the Split – Off under the new name - public joint – stock company Invalda LT, and on the basis of assets, equity and liabilities assigned to this part to form a new public joint stock company Invalda privatus kapitalas. Annulled shares of the Shareholders in the public joint - stock company INVALIDA will be exchanged for the ordinary registered shares in the newly established public joint – stock company Invalda privatus kapitalas. The treasury shares acquired by the Company Participating in the Split – Off, if any, will be annulled. The authorized capital of the public joint stock company INVALIDA shall be reduced accordingly.

3. LEGAL ASSUMPTIONS OF THE SPLIT - OFF

- 3.1. The Split – Off is conducted in a mode provided in part 1 of Article 71 of the Law on Companies of the Republic of Lithuania, when a part of a company continuing its activity is split – off and a new company of the same legal form is established on the basis of the assets, equity and liabilities assigned to this part. As stated in part 2 of Article 71 of the Law on Companies of the Republic of Lithuania, the provisions of the Civil Code of the Republic of Lithuania and the Law on Companies of the Republic of Lithuania regulating reorganization by division are *mutatis mutandis* applicable on the Split – Off.
- 3.2. The Split – Off corresponds with paragraph 8 of part 2 of Article 41 of the of the Law on Corporate Income Tax of the Republic of Lithuania according to which “an entity transfers without being dissolved (hereinafter referred to as the “transferring entity”) one or more parts of its assets, equity and liabilities to one or more new entities (hereinafter referred to as the “receiving entities”) and divides all its assets, equity and liabilities in proportion to the number of the shares left in the transferring entity and transferred to the receiving entity.”
- 3.3. The drawing up of the Terms was approved by the general meeting of shareholders of the public joint - stock company INVALIDA on November 20, 2012 (the minutes of the meeting - Annex 1);
- 3.4. The Terms have been drawn up by the Board of the Company Participating in the Split – Off and approved by the meeting of the Board of February 12, 2013.
- 3.5. This Report was approved by the meeting of the Board of the Company Participating in the Split – Off on February 12, 2013.
- 3.6. The Terms will be assessed and the report on assessment will be prepared by the joint – stock company ERNST&YOUNG BALTIC, code 110878442, office address Subačiaus str. 7, Vilnius.
- 3.7. The Split – Off and Split – Off Terms will be approved by the First Meeting.

February 12, 2013

4. ECONOMIC BASIS OF THE SPLIT - OFF

4.1. Taking into account that:

- 4.1.1. Baltic merger and acquisition market in which the Company Participating in the Split – Off is operating, is not active currently as 48 merger and acquisition transactions were reported in Lithuania and other Baltic countries in the year 2012, and this is 16 percent (9 transactions) less than in the year 2011, when 57 transactions were reported (the source: daily Verslo žinios; law firm Sorainen; publication Mergermarket);
- 4.1.2. after successful transactions on sale of shares in the public joint stock company and Sanitas and public joint stock company Kauno tiltai, the equity capital of the Company Participating in the Split – Off grew and thus the requirements for minimal size of investment of the Company Participating in the Split – Off into a new sector had increased;
- 4.1.3. after Completion of the Split – Off, the Company Participating in the Split – Off as well as Split – Off Company will be able to choose different criteria for investment horizon, risk profile and asset turnover;
- 4.1.4. the Company Participating in the Split – Off historically used to have investments in companies 5 - 7 from different sectors and the increased requirements for minimal size of transaction limits the possibility to invest into downgraded companies and get satisfactory return on investment after reorganization and development of the target.

In the opinion of the Board, the companies continuing after the Split – Off will be of smaller size and therefore: (i) the requirements for the minimal investments into a new businesses will be lower; (ii) a possibility to find new sectors will increase; (iii) this will create a possibility to make successful transactions and increase shareholders' value.

5. TERMS AND PROCEDURE OF THE SPLIT - OFF

- 5.1. Not later than in 30 days before the First Meeting, the information about the drawn up Terms shall be published in the daily Lietuvos Rytas and provided to all creditors of the Company Participating in the Split - Off in writing (by registered post or in person). The above mentioned publication and notice must include (i) the information concerning the Company Participating in the Split – Off stated in Article 2.44 of the Civil Code of the Republic of Lithuania as well as the name, legal form and registered office address of the Split - Off Company; (ii) the mode of the Split - Off; (iii) the companies continuing after the Split - Off; (iv) the moment, from which the Split – Off Part will be transferred to the Split - Off Company and the information about place and time at which the documents listed below in paragraph 5.2 may be accessed.
- 5.2. Within the time period starting not later than 30 days before the First Meeting, the Shareholders and creditors of the Company Participating in the Split – Off will be given an access to the below listed documents on the website www.invalida.lt:
 - 5.2.1. the Terms;
 - 5.2.2. the amended Articles of Association of the Company Participating in the Split – Off and the Articles of Association of the Split – Off Company;
 - 5.2.3. the sets of annual financial statements for the last three years and annual reports of the Company Participating in the Split – Off. As shares of the Company Participating in the Split – Off are traded on the regulated market, its interim financial reports are published in accordance with the legal acts regulating securities market, therefore sets of interim financial statements listed in paragraph 3 of part 2 of Article 65 of the Law on Companies of the Republic of Lithuania has not been drawn up as a part of those Split - Off Terms
 - 5.2.4. the report on assessment of the Split – Off Terms;
 - 5.2.5. this Report.
- 5.3. The manager of the Company Participating in the Split – Off must notify the Shareholders (by attaching a written notice to the documents referred to in paragraph 5.2 above and making an oral

February 12, 2013

- announcement at the First Meeting) of the material changes in the assets, equity and liabilities during the period between the Day of the Terms and the First Meeting.
- 5.4. Proposals regarding the Terms may be submitted by the Board, the manager and the Shareholders holding the shares of the Company Participating in the Split - Off the nominal value whereof is at least 1/3 of the authorized capital.
 - 5.5. The Terms must be submitted to the Register of Legal Entities not later than on the first day of publication of the drawing up thereof in the daily Lietuvos Rytas. In addition to the Terms, the Register of Legal Entities must also be provided with the report on the intended Split – Off drawn up by the Board of the Company Participating in the Split – Off and the report on assessment of the Terms.
 - 5.6. From the day of publication of the Terms the public joint stock company INVALIDA shall acquire the legal status of the company being split - off
 - 5.7. Creditors of the Company Participating in the Split – Off may submit their claims from the first day of publication of the Terms until the First Meeting
 - 5.8. The decision on the Split – Off may be adopted by the First Meeting not earlier than 30 days from the day on which the Register of Legal Entities publishes the internet address where the Terms may be found and the day of publication of the Terms on the said website. The First Meeting must also approve the Terms and amend the Articles of Association of the Company Participating in the Split – Off as well as approve the Articles of Association of the Split - Off Company. The amended Articles of Association of the Company Participating in the Split – Off and the Articles of Association of the Split - Off Company will be additionally amended in case if before the Second Meeting the Company Participating in the Split – Off acquires treasury shares. The treasury shares of the Company Participating in the Split – Off will be annulled in accordance with the procedure set out in the Terms; the authorized capital of the Company Participating in the Split – Off and authorized capital of the Split – Off Company as well as the number of shares of those companies will be reduced accordingly.
 - 5.9. A documentary proof of the decision on approval of the Split – Off taken by the First Meeting will be within 5 (five) days submitted to the Register of Legal Entities.
 - 5.10. The Shareholders holding the shares the nominal value whereof is less than 1/10 of the authorized capital of the Company Participating in the Split – Off shall have the right to require within 45 days after the adoption of a decision on the Split – Off by the First Meeting, that their shares be redeemed by the Company Participating in the Split – Off before the Completion of the Split – Off. The rules of redemption of shares will be announced on the website www.invalida not later than in 10 days before the First Meeting. If the nominal value of shares required to be redeemed exceeds 1/10 of the authorized capital of the Company Participating in the Split – Off, the shares will not be redeemed and the Split – Off under the approved Terms may not be continued.
 - 5.11. No later than in 90 days from the approval of the Terms the following events will take place:
 - 5.11.1. the Meeting of the Split – Off Company will elect the Board members of the Split – Off Company;
 - 5.11.2. the Board Meeting of the Split – Off Company will elect the manager of this company;
 - 5.11.3. the Second Meeting shall elect the Board of the Company Participating in the Split – Off continuing after the Split – Off. The Second Meeting shall also amend the authorized capital and the Articles of Association of the Company Participating in the Split – Off and the Split - Off Company, if before the Second Meeting the company herein acquires treasury shares.
 - 5.12. Completion of the Split – Off shall take place after fulfillment of all below stated conditions:
 - 5.12.1. the Register of Legal Entities shall register the Articles of Association of the Company Participating in the Split – Off amending the name and authorized capital of the company herein;
 - 5.12.2. the Register of Legal Entities will register the Split - Off Company;

February 12, 2013

- 5.12.3. the Shareholders' shares in the Company Participating in the Split – Off will be exchanged for the ordinary registered shares in the Split – Off Company;
- 5.12.4. the Transfer – Acceptance Certificates will be executed.

6. CONTINUITY OF THE ACTIVITY

- 6.1. During the Split – Off process a part of the Company Participating in the Split – Off is split – off and the Split - Off Company is formed on the basis of the assets, equity capital and liabilities assigned to this part
- 6.2. There are no terminated legal entities upon the Split – Off. The Company Participating in the Split - Off is the legal entity continuing after the Split – Off and Split – Off Company is the legal entity commencing activity after the Split – Off.
- 6.3. The Company Participating in the Split – Off (public joint - stock company INVALIDA):
- 6.3.1. the data on the Company Participating in the Split – Off as of the Day of the Terms:

	Description
Name of the legal entity	public joint - stock company INVALIDA
Legal form of the legal entity	Public joint - stock company
Registered address	Šeimyniškių str. 1 A, Vilnius
Company code	121304349
Register which accumulates and stores the data about the legal entity	Vilnius Branch of the Register of Legal Entities
The VAT payer's code	LT213043414
Authorized capital	51 802 146 litas
Fully paid authorized capital	51 802 146 litas
Number of shares	51 802 146
Nominal value per one share	1 litas
Class of the shares	Ordinary registered shares
Type of the shares	Un-certificated
ISIN code of the shares	LT0000102279
Regulated market on which the shares are traded	NASDAQ OMX Vilnius
Share account manager	Public joint stock company brokerage house Finasta

- 6.3.2. the data on the Company Participating in the Split - Off as of Completion of the Split – Off (the new name - public joint - stock company Invalda LT); (if before the Second Meeting the Company Participating in the Split – Off acquire treasury shares, the below stated authorized capital of the Company Participating in the Split – Off will be revised in accordance with paragraph 5.2 of the Terms):

	Description
Name of the legal entity	public joint - stock company Invalda LT
Legal form of the legal entity	public joint - stock company
Registered address	Šeimyniškių str. 1 A, Vilnius
Company code	121304349
Register which accumulates and stores the data about the legal entity	Vilnius Branch of the Register of Legal Entities
The VAT payer's code	LT213043414
Authorized capital	28 259 185 litas
Fully paid authorized capital	28 259 185 litas
Number of shares	28 259 185
Nominal value per one share	1 litas

February 12, 2013

Class of the shares	ordinary registered shares
Type of the shares	un-certificated
ISIN code of the shares	LT0000102279
Regulated market on which the shares are traded	NASDAQ OMX Vilnius
Share account manager	public joint - stock company brokerage house Finasta

- 6.4. The data on the Split - Off Company (the public joint - stock company Invalda privatus kapitalas); (if before the Second Meeting the Company Participating in the Split – Off acquire treasury shares, the below stated authorized capital of the Split - Off Company shall be revised in accordance with paragraph 5.2 of the Terms):

	Description
Name of the legal entity	public joint - stock company Invalda privatus kapitalas
Legal form of the legal entity	public joint - stock company
Registered address	Šeimyniškių str. 1 A, Vilnius
Company code	shall be provided after registration in accordance with Legal acts of the Republic of Lithuania
Register which accumulates and stores the data about the legal entity	Vilnius Branch of the Register of Legal Entities
The VAT payer's code	shall be provided after registration in accordance with legal acts of the Republic of Lithuania
Authorized capital	23 542 961 litas will be formed in line with those Terms
Fully paid authorized capital	23 542 961 litas
Number of shares	23 542 961
Nominal value per one share	1 litas
Class of the shares	ordinary registered shares
Type of the shares	un-certificated
ISIN code of the shares	shall be provided after registration in accordance with legal acts of the Republic of Lithuania
Regulated market on which the shares are traded	the shares will not be traded on the regulated market
Share account manager	the agreement will be executed after registration of the Split - off Company

7. THE EXCHANGE RATIO OF THE SHARES OF THE COMPANY PARTICIPATING IN THE SPLIT-OFF FOR THE SHARES OF THE SPLIT-OFF COMPANY

- 7.1. As of the Day of Exchange of Shares, the authorized capital of the Company Participating in the Split – Off is 51 802 146 (fifty one million eight hundred and two thousand one hundred and forty six) litas. It is divided into 51 802 146 (fifty one million eight hundred and two thousand one hundred and forty six) ordinary registered shares par value of 1 (one) litas. As of the Day of the Terms the Company Participating in the Split – Off has not been acquired treasury shares.
- 7.2. On the basis of those Terms 45,447849 percent of the assets, equity capital and liabilities of the Company Participating in the Split – Off will be separated and transferred to the Split – Off Company, and 54,552151 percent of the assets, equity capital and liabilities will stay with the Company Participating in the Split – Off, the authorized capital and shares of the Company Participating in the Split – Off will be divided respectively:

February 12, 2013

Capital structure

(on the condition that the Company Participating in the Split – Off will not acquire treasury shares before the Second Meeting)

The Authorized capital of the Company Participating in the Split - Off before the Split - Off (100 percent)		The Authorized capital of the Company Participating in the Split – Off after the Completion of the Split - Off (54,552151 percent)		The Authorized capital of the Split - Off Company (45,447849 percent)	
Total amount (in litas)	The number of the ordinary registered shares (par value of 1 litas)	Total amount (in litas)	The number of the ordinary registered shares (par value of 1 litas)	Total amount (in litas)	The number of the ordinary registered shares (par value of 1 litas)
51 802 146	51 802 146	28 259 185	28 259 185	23 542 961	23 542 961

If within the time – period from the Day of the Terms till the Second Meeting the Company Participating in the Split – Off acquires treasury shares, those shares will not be exchanged for the shares of the Split – Off Company but annulled on the basis of the Terms. Such annulment of shares will not change the above stated division of the authorized capital and shares of the Company Participating in the Split – Off, i.e.:

- the authorized capital of the Company Participating in the Split – Off after the Split - Off will constitute 54,552151 percent of the authorized capital of Company Participating in the Split – Off, reduced by the value of treasury shares acquired by the Company Participating in the Split – Off;

- the authorized capital of the Split – Off Company will constitute 45,447849 percent of the authorized capital of Company Participating in the Split – Off, reduced by value of treasury shares acquired by the Company Participating in the Split – Off.

Taking into account the provisions of the paragraph thereof the Board of the Company Participating in the Split – Off will provide the accordingly amended Articles of Association of the Company Participating in the Split – Off and Split – Off Company for the approval of the Second Meeting.

- 7.3. As of the Day of Exchange of Shares each annulled ordinary registered share of par value 1 (one) litas in the Company Participating in the Split – Off will be exchanged for one ordinary registered share of par value 1 (one) litas in the split – Off Company, on the assumption that at the earliest acquired shares of each Shareholder will be annulled.
- 7.4. The principal of share Exchange are as follows:
- 7.4.1. the shares of all Shareholders will be exchanged at the same time according to the status of the Day of Exchange of Shares;
- 7.4.2. after the Day of Exchange of Shares total number of shares of each Shareholder in the Company Participating in the Split – Off and the Split – Off Company will be equal to the number of shares of such Shareholder in the Company Participating in the Split – Off before the Day of Exchange of Shares;
- 7.4.3. a balance value of the part of assets, equity capital and liabilities coming to each share in the Company Participating in the Split – Off as of the Day of Exchange of Shares will be equal to the sum of balance value of the assets, equity capital and liabilities coming to the shares of the Company Participating in the Split – Off and the shares in the Split – Off Company.

February 12, 2013

8. THE RULES OF SHARE ALLOCATION TO THE SHAREHOLDERS

8.1. The shares in the Company Participating in the Split – Off and Split – Off Company after the Split – Off will be allocated to the Shareholders of the Company Participating in the Split – Off otherwise than in proportion to the share of such Shareholders in the authorized capital of the Company Participating in the Split – Off. The principles of the allocation are the following:

8.1.1. As of the Day of the Terms, the Shareholders of the Company Participating in the Split – Off are divided into two groups. The number of shares belonging to each group will be as follows:

Number of shares belonging to the Shareholders of the First Group	Number of shares belonging to the Shareholders of the Second Group
41 036 389	10 65 757

8.1.2. As of the Day of the Terms all 41 036 389 shares belonging to the Shareholders of the First Group will be divided as follows:

The Company Participating in the Split - Off		The Split – Off Company	
Part (in percent)	Number of shares	Part (in percent)	Number of shares
54,552151	22 386 233	45,447849	18 650 156

The ratio provided in the table above in this paragraph applies to the total amount of shares belonging to all the Shareholders of the First Group but not to the shares of each Shareholder of the First Group separately;

8.1.3. as of the Day of the Terms all 10 765 757 shares belonging to the Shareholders of the Second Group will be divided as follows:

The Company Participating in the Split - Off		The Split – Off Company	
Part (in percent)	Number of shares	Part (in percent)	Number of shares
54,552151	5 872 952	45,447849	4 892 805

The ratio provided in the table above in this paragraph applies to the shares of each Shareholder of the Second Group;

8.1.4. in case if the Shareholder of the Second Group sells his shares (all or part of them) to third parties or to the Shareholder of the First Group or to the Company Participating in the Split – Off, such sale does not change the ratio stated in the paragraph 8.1.3 of the Report.

8.1.5. the Shareholders of the First Group before the Second Meeting are allowed to sell their shares to third persons only on the following conditions: (i) information about such sale (including personal data of a buyer) will be provided to the Company Participating in the Split – Off before the Second Meeting; (ii) the sale of shares will be reflected in the securities accounts of both parties of the transactions before the Second Meeting. The persons who will acquire shares from the Shareholders of the First Group will be appointed to the First Group; their shares in the Company Participating in the Split – Off will be divided in the same way which was set for the Shareholder of the First Group from which the shares were acquired (Annex 7). The provisions of the paragraph 5.5.5 are applicable on the person who acquired shares from the Shareholder of the First Group even if such provision is not provided in the sale purchase agreement;

8.1.6. the Shareholders of the First Group will not sell their shares (neither all nor a part of them) to the Company Participating in the Split – Off before the Second Meeting;

8.1.7. in case if the Shareholder of the First Group acquires shares from the Shareholder of the Second Group, such shares are allocated to the Second Group and divided in a way stated in paragraph 5.5.3 of the Terms.

February 12, 2013

- 8.2. In case of a breach of the provisions stated in paragraphs 5.5.5 and 5.5.6 of the Terms, the Split – Off will not be continued and Terms will become invalid. The Company Participating in the Split – Off will announce about invalidity of the Terms in the daily Lietuvos rytas as well as on the Central Storage Facility and the website www.invalda.lt.
- 8.3. Until the Completion of the Split – Off the Company Participating in the Split – Off will not issue any securities; otherwise those Terms will cease to be valid.
- 8.4. Whereas the shares in the companies continuing after the Split – Off will be allocated to the Shareholders otherwise than in proportion to their ownership in the authorized capital of the Company Participating in the Split – Off, in accordance with paragraph 4 of Article 67 of the Law on Companies of the Republic of Lithuania, the Shareholders holding the shares the nominal value whereof is less than 1/10 of the authorized capital of the Company Participating in the Split – Off shall have the right to require within 45 days after the adoption of a decision on the Split – Off by the general meeting of shareholders of the Company Participating in the Split – Off, that their shares be redeemed by the Company Participating in the Split – Off before the Completion of the Split – Off.
- 8.5. The Company Participating in the Split – Off will redeem shares (upon request of the Shareholders) within 45 calendar days time - period which will start not later than on the next day after the First Meeting. The procedure of redemption will be announced on the website www.invalda.lt not later than 10 days before the First Meeting.
- 8.6. The shares will be redeemed for the price not lower than the weighted average price of transactions with shares of the Company Participating in the Split – Off on NASDAQ OMX Vilnius Stock Exchange during the period of six months immediately preceding the First Meeting. The exact price of the shares to be redeemed will be established by the Board of the Company Participating in the Split – Off and announced together with procedure of redemption of shares as stated in paragraph 5.13 above.
- 8.7. If the nominal value of shares required to be redeemed exceeds 1/10 of the authorized capital of the Company Participating in the Split – Off, the Split – Off under the approved Terms will not be continued and the shares will not be redeemed. This fact will be immediately announced in the daily Lietuvos Rytas as well as on the Central Storage Facility and the website www.invalda.lt.
- 8.8. If the nominal values of shares required to be redeemed does not exceed 1/10 of the authorized capital of the Company Participating in the Split – Off, the redeemed shares will be paid – off before the Second Meeting.
- 8.9. If the Split – Off is discontinued due to the reasons stated in paragraphs 5.5.5 and 5.5.6 of the Terms, the Shareholders whose shares are redeemed in accordance with paragraph 5.12 will have a right to repurchase the shares from the Company Participating in the Split – Off within 40 days from the day of announcement of the invalidity of the Terms (as provided in paragraph 5.6) for the price provided in paragraph 5.14. The detailed procedure of repurchase will be published in the daily Lietuvos rytas, Central Storage Facility and on the website www.invalda.lt within 5 business days from the announcement of invalidity of the Terms.
- 8.10. In accordance with paragraph 5 of Article 67 of the Law on Companies of the Republic of Lithuania, treasury shares acquired by the Company Participating in the Split – Off will not be exchanged to the shares in the Split - Off Company, but annulled on the basis of the Terms; the authorized capital of the Company Participating in the Split – Off will be reduced accordingly; the remaining authorized capital (the assets, equity capital and liabilities) will be divided as follows:
- 54,552151 percent to the Company Participating in the Split - Off,
 - 45,447849 percent to the Split - Off Company.
- 8.11. In order to ensure observation of restrictions to dispose the shares established for the Shareholders of the First Group and smooth implementation of the share exchange procedure stated in the Terms, the Company Participating in the Split – Off will request the NASDAQ OMX Vilnius Stock Exchange to suspend trading in the shares of the Company Participating in the Split – Off within the

February 12, 2013

period from the 46-th day after the First Meeting till the 5-th business day after the registration of the Split – Off Company.

The trading on NASDAQ OMX Vilnius Stock Exchange will be suspended also in cases when it is required by legal acts.

- 8.12. If a fractional amount occurs while calculating a size of a new authorized capital and/or exchanging the shares in the Company Participating in the Split – Off for the shares in the Split – Off Company according to the Terms, the fraction will be rounded to a whole number using arithmetic rounding rules: (i) if the first digit of decimal fractional part is figure 5 (five) or bigger, 1 (one) is added to the last digit of the whole number; (ii) if the first digit of the decimal fractional part is less than 5 (five), the last digit of the whole number will remain unchanged. Other rules to be followed:
- 8.12.1. the number of shares of each Shareholder in the Company Participating in the Split – Off as of the Day of Exchange of shares will be equal to the total number of shares of this Shareholder in the Company Participating in the Split – Off and the Split – Off Company
- 8.12.2. the authorized capital and, consequently, number of ordinary registered shares issued by the Company Participating in the Split – Off (except for its treasury shares) after the Split – Off will be equal to the sum of the authorized capitals of the Company Participating in the Split – Off and Split – Off Company (and the amount of issued shares). If due to arithmetic rounding the total sum of authorized capitals (and shares) is larger or smaller than the authorized capital and number of shares of the Company Participating in the Split – Off before the Day of Exchange, the number of shares held by the largest Shareholder will be adjusted accordingly up or down (either in the Company Participating in the Split – Off or the Split – Off Company);
- 8.12.3. if during the process of exchange of shares of each Shareholder due to arithmetical rounding the authorized capitals (and the amount of issued shares) of the Company Participating in the Split – Off or the Split – Off Company are larger or smaller than the ones calculated in accordance with ratio provided in paragraph 8.10 above, the number of shares held by the largest Shareholder will be adjusted accordingly up or down.
- 8.13. As of the end of the Day of Exchange of Shares the Shareholders on the basis of those Terms dispose of the respective amount of shares in the Company Participating in the Split – Off and obtain the shares in the Split - Off Company.
- 8.14. The share account managers of the Company Participating in the Split – Off and the Split - Off Company shall make the necessary records confirming the disposal of the ownership of the shares in the Company Participating in the Split – Off and acquisition of the ownership of the shares in the Split - Off Company.
- 8.15. The shares of the Company Participating in the Split - Off will be traded on NASDAQ OMX Vilnius Stock Exchange.
- 8.16. The shares of the Split - Off Company will not be traded on NASDAQ OMX Vilnius Stock Exchange.
- 8.17. All the rights granted by shares of the companies acting after the Split - Off (except the right to elect managing bodies of the Split – Off Company, as per paragraph 12.7 of the Terms) the Shareholders will obtain on the day of registration of the amended Articles of Association of the Company Participating in the Split – Off and/or on the day of registration of the Split - Off Company in the Register of Legal Entities.
- 8.18. There will not be a price difference between the price of shares held by the Shareholders and price of shares to be received by those Shareholders in the companies continuing after the Split – Off, therefore, there will not be payments in cash.

February 12, 2013

9. EXPLANATION OF THE TERMS

9.1. The assets, equity capital and liabilities of the Company Participating in the Split - Off will be split – off according to their book value in proportion to the Split – Off part. The Split – Off Company will be provided with:

- 45,447849 percent of all assets of the Company Participating in the Split - Off;
- 45,447849 percent of all equity capital of the Company Participating in the Split - Off;
- 45,447849 percent of all liabilities of the Company Participating in the Split - Off.

The above in this paragraph stated ratio will apply on the split - of total assets, equity capital and liabilities of the Company Participating in the Split – Off but not on the split – off on each separate balance sheet item of the assets and liabilities of the Company Participating in the Split – Off or separate assets and/or liabilities of those balance sheet items, but it is necessary to follow the below stated principles:

- in the split – off of each separate asset and liabilities balance sheet item or separate assets and/or liabilities, the ratio stated in this paragraph may not be followed if the value of separate balance sheet items or separate assets and/or liabilities do not significantly differ from market value;
- in the split – off of each separate asset and liabilities balance sheet item or separate assets and/or liabilities, the ratio stated in this paragraph must be followed if the value of separate balance sheet items or separate assets and/or liabilities may significantly differ from market value (joint - stock companies the main activity whereof is a lease of agricultural land, and their parent companies, are considered as one separate asset which is split – off according the ratio stated in this paragraph above).

9.2. Taking into account the ratio provided in paragraph 9.1 above, the Company Participating in the Split – Off will transfer 45,447849 of its assets, equity capital and liabilities to the Split – Off Company on the day of registration of the latter in the Register of Legal Entities. Transfer - Acceptance Certificates will be executed between the Company Participating in the Split – Off and the Split – Off Company.

9.3. Along with the assets to each company will be allocated a respective part of: (i) the contractual equity and liabilities related with the particular assets; and (ii) all rights, liabilities and assets that will appear from September 30, 2012 till the moment of execution of the Transfer - Acceptance Certificates, except cases when the Transfer - Acceptance Certificate provides otherwise, on the condition that different allocation shall not change the ratio of allocation of all assets, equity capital and liabilities: 54,552151 percent of the assets, equity capital and liabilities will be allocated to the Company Participating in the Split – Off and 45,447849 percent of the assets, equity capital and liabilities will be allocated to the Split - Off Company.

9.4. Transfer - Acceptance Certificates will be undersigned by the managers or other authorized persons of the Company Participating in the Split – Off and Split - Off Company. The assets, equity and liabilities to be allocated may be specified after the Completion of the Split – Off by signing the additional documents

9.5. If any assets or liabilities that are not included into the Transfer – Acceptance Certificates will come out later, they will be allocated by the following ratio: 54,552151 percent – to the Company Participating in the Split – Off and 45,447849 percent – to the Split - Off Company.

9.6. The executed Transfer – Acceptance Certificates will be a legal base for the appropriate registration of the assets, equity and liabilities transferred to the Split - Off Company as well as for a change of a necessary registration data in any institutions, authorities or enterprises, including but not limited to a registration of the transfer of ownership rights or any other rights in public registers or other institutions.

9.7. From the day of execution of the Transfer – Acceptance Certificates

February 12, 2013

- 9.7.1. all the assets described in the Transfer – Acceptance Certificates as well as the rights and liabilities assigned to those assets will be transferred to the Split - Off Company and included into the accountings of the said company, if otherwise is not provided by legal acts;
- 9.7.2. all the rights and liabilities including contractual rights and liabilities of the Company Participating in the Split – Off assumed by the Split - Off Company are included into the accountings of the Split - Off Company if otherwise is not provided by legal acts or contracts of the Company Participating in the Split – Off. If according to legal acts of the Republic of Lithuania or contracts of the Company Participating in the Split – Off the approval of a creditor is required for the transfer of particular liabilities, such liabilities are assigned to the Split - Off Company from the moment of receiving of particular approval of the creditor, if such moment is subsequent to the moment of assignment of liabilities stated in the Terms. If such approval is not received the Company Participating in the Split - Off and the Split - Off Company will put all efforts in order to agree on a replacement of liabilities of the similar value;
- 9.7.3. the Split - Off Company will start fulfillment of the assigned contractual liabilities in line with the provisions of the contracts.
- 9.8. The assets, equity capital and liabilities that are not listed in the Transfer – Acceptance Certificates will stay in the Company Participating in the Split – Off.
- 9.9. The Company Participating in the Split – Off and the Split - Off Company will ensure that after the Completion of the Split - Off each of the companies thereof would be responsible exclusively for their own liabilities and no grounds for joint liability would arise.
- 9.10. The drawing up and publication of the Terms will not restrict the right of the Company Participating in the Split – Off to conduct its activity provided in the Articles of Association.
- 9.11. The Company Participating in the Split – Off, within the period from publication of the Terms till the Completion of the Split – Off, while signing contracts according to which the rights and liabilities will be assigned to the Split - off Company, will inform another party of such contract about the potential transfer of rights and/or liabilities on the basis of the Terms.

10. THE INFORMATION ABOUT THE REPORT ON THE ASSESSMENT OF THE TERMS

- 10.1. In accordance with part 2 of Article 63, the Terms will be assessed by the joint – stock company Ernst & Young Baltic. The report on assessment of the Terms will indicate the following:
 - 10.1.1. conclusion whether the share exchange ratio is fair and justified;
 - 10.1.2. methods used to determine the share exchange ratio and the conclusions on the appropriateness of these methods for and their impact on the determination of the value of the shares;
 - 10.1.3. a description of difficulties encountered during the assessment.
- 10.2. The rights granted to the joint – stock company ERNST & YOUNG BALTIC while assessing the Terms:
 - 10.2.1. to receive all documents necessary for the assessment of the Terms and preparation of the report on assessment;
 - 10.2.2. to receive necessary explanations from employees and managers of the Company Participating in the Split – Off;
 - 10.2.3. all other rights stated in the contract between the Company Participating in the Split – Off and joint – stock company ERNST & YOUNG BALTIC as well in the legal acts of the Republic of Lithuania.
- 10.3. The report on assessment of the Terms will be provided to the Register of Legal Entities and published in accordance with the Terms not later than on the first day of publication of the drawing up of the Terms.

February 12, 2013

The Report was approved by the Board of the public joint - stock company INVALIDA on February 12, 2013.

The Chairman of the Board

A handwritten signature in blue ink, consisting of several overlapping, stylized strokes that form a unique, abstract shape.

Vytautas Bučas