

MARGUS VESKIMÄE, NOTARY PUBLIC IN AND FOR TALLINN
REGISTRATION NUMBER
IN THE REGISTER OF NOTARIAL ACTS
3967
MERGER AGREEMENT

I, Margus Veskimäe, Notary Public in and for Tallinn, with my offices situated at Rävala pst 3/Kuke 2, Tallinn, have prepared and attest to the truth of this notarial deed on this thirty-first day of May of the year two thousand and five (31.05.2005). Parties to the notarial deed are:

AS Starman, registry code 10069659, with its registered office at Akadeemia tee 28 Tallinn, hereinafter referred to as the **Acquiring Company**, represented by Peeter Kern, personal identification code 36703010320, a member of the Management Board entered on the registry card and a person known to the Notary Public,

AS Telset Telecommunications Group, registry code 10673906, with its registered office at Akadeemia tee 28 Tallinn, hereinafter referred to as the **First Company Being Acquired**, represented by Jüri Pokk, personal identification code 35906280322, a member of the Management Board entered on the registry card and a person known to the Notary Public,

AS Levi Kaabel, registry code 10417072, with its registered office at Akadeemia tee 28 Tallinn, hereinafter referred to as the **Second Company Being Acquired**, represented by Jüri Pokk, personal identification code 35906280322, a member of the Management Board entered on the registry card and a person known to the Notary Public,

TALLINNA KAABELTELEVISIOONI AS, registry code 10375439, with its registered office at Akadeemia tee 28 Tallinn, hereinafter referred to as the **Third Company Being Acquired**, represented by Jüri Pokk, personal identification code 35906280322, a member of the Management Board entered on the registry card and a person known to the Notary Public,

the First Company Being Acquired, the Second Company Being Acquired and the Third Company Being Acquired are hereinafter also collectively referred to as the **Company Being Acquired**.

The Parties to the notarial deed enter into this Agreement in the following:

1. ACQUIRING COMPANY

1.1. The Acquiring Company is AS Starman, registry code 10069659, with its registered office at Akadeemia tee 28 Tallinn and share capital amounting to one hundred and thirty million five hundred and thirty-five thousand seven hundred (130,535,700) kroons and with the nominal value of a share being ten (10) kroons.

2. COMPANIES BEING ACQUIRED

2.1. The Companies Being Acquired are:

2.1.1. AS Telset Telecommunications Group, registry code [10673906], with its registered office at Akadeemia tee 28 Tallinn and share capital amounting to fourteen million (14,000,000) kroons and with the nominal value of a share being ten (10) kroons, which is owned by AS Levi Kaabel (sole shareholder), registry code 10417072, with its registered office at Akadeemia tee 28 Tallinn;

2.1.2. AS Levi Kaabel, registry code 10417072, with its registered office at Akadeemia tee 28 Tallinn and share capital amounting to three million seven hundred and sixty-three thousand three hundred (3,763,300) kroons and with the nominal value of a share being one hundred (100) kroons, which is owned by AS Starman (sole shareholder), registry code 10069659, with its registered office at Akadeemia tee 28 Tallinn;

2.1.3. TALLINNA KAABELTELEVISIOONI AS, registry code 10375439, with its registered office at Akadeemia tee 28 Tallinn and share capital amounting to six million five hundred and seventy-eight thousand (6,578,000) kroons and with the nominal value of a share being one thousand (1000) kroons, which is owned by AS Starman (sole shareholder), registry code 10069659, with its registered office at Akadeemia tee 28 Tallinn.

2.2. The representatives of the First Company Being Acquired, the Second Company Being Acquired and the

Third Company Being Acquired hereby represent and warrant that in contrast to the share register maintained by the Estonian Central Register of Securities the Acquiring Company is the sole shareholder of the First Company Being Acquired.

- 2.3. According to the lists of shareholders of the Companies Being Acquired, the Acquiring Company is the sole shareholder of the Companies Being Acquired.
- 2.4. The Notary Public attesting to this notarial deed has verified the ownership by the Acquiring Company of the shares of the Companies Being Acquired and the non-existence of any third party rights in the shares of the Companies Being Acquired on the basis of the lists of shareholders maintained by the Estonian Central Register of Securities at the date of this notarial deed.

3. REPRESENTATIONS AND WARRANTIES OF THE PARTIES

- 3.1. The signatories hereby represent and warrant the following:
 - 3.1.1. Until the effective date of this Agreement, no resolutions to change the amounts of the share capital of the Acquiring Company or of the Companies Being Acquired as entered in the Commercial Register have been adopted.
 - 3.1.2. The shares of the Companies Being Acquired have been registered in the Estonian Central Register of Securities and the shares have not been encumbered with any third party rights. Furthermore, no third person is entitled to apply for such rights under law or as a result of any transaction.
 - 3.1.3. The assets of the Acquiring Company or of the Companies Being Acquired have not been encumbered with a commercial pledge.
 - 3.1.4. The information set out in clauses one point one (1.1), two point one point one (2.1.1), two point one point two (2.1.2) and two point one point three (2.1.3) of this Agreement has not changed.
 - 3.1.5. No circumstances exist which could restrict or preclude the Parties' right to enter into this Agreement.

4. MERGER

- 4.1. The Acquiring Company shall merge with the Companies Being Acquired pursuant to the terms and conditions as stipulated in this Agreement. The Acquiring Company shall merge the Companies Being Acquired with it.
- 4.2. As a result of the merger, the Companies Being Acquired shall be dissolved and the Acquiring Company shall become the legal successor of the Companies Being Acquired.
- 4.3. Following the merger, the Acquiring Company shall continue activities under the current business name of AS Starman, with its registered office at Akadeemia tee 28 Tallinn.
- 4.4. The Companies Being Acquired have assigned the Ernst & Young Eesti AS auditing firm, registry code 10140771, with the task of auditing the Merger Agreement. The Acquiring Company shall pay for the audit on the basis of the invoice issued by said auditing firm.
- 4.5. No benefits shall be granted to the members of the Management Boards or Supervisory Boards of the Companies Being Acquired in connection with the merger.
- 4.6. The share capital of the Acquiring Company shall not be altered as a result of the merger. Nor shall the shares of the Companies Being Acquired be exchanged; instead, the shares shall cease to be valid.
- 4.7. Rights and obligations arising from employment contracts signed with the employees of the Companies Being Acquired shall transfer to the Acquiring Company in accordance with section 6 of the Employment Contracts Act from the date of making the entry of the merger in the commercial register of the seat of the Acquiring Company.
- 4.8. The Companies Being Acquired shall inform their employees in writing of all the relevant information in accordance with section 6³ of the Employment Contracts Act not later than one (1) month prior to the transfer of the employment contracts referred to in clause four point seven (4.7) above.

5. MERGER BALANCE SHEET DATE

- 5.1. The merger balance sheet date i.e. the date as of which the transactions of the Companies Being Acquired shall be deemed to be undertaken by the Acquiring Company shall be the thirty-first day of May of the year two thousand and five (31.05.2005).

6. EXPLANATIONS OF THE NOTARY PUBLIC

The Notary Public has explained to the signatories the following:

- 6.1. Rights and obligations shall arise from the Merger Agreement after the Merger Agreement has been approved by all the Parties hereto.
- 6.2. The Management Boards of or the partners or shareholders entitled to represent the merging companies

shall prepare a written report (Merger Report), which shall explain and justify legally and economically the merger and the Merger Agreement, including the share exchange ratio and amount of additional payments if additional payments are to be made. Difficulties relating to valuation shall be referred to separately in the Merger Report. The Merger Report need not be prepared if all the shares of the Company Being Acquired are held by the Acquiring Company, or if this is agreed to by all the partners or shareholders of the merging company, unless the aggregate worldwide realised net turnover of the merging companies during the previous financial year exceeded 500 million kroons and the aggregate worldwide realised net turnover of each of at least two of the merging companies exceeded 100 million kroons or if the business activities of at least one of the merging undertakings are carried out in Estonia.

- 6.3. The Management Board of each merging company shall, within fifteen (15) days after adoption of the merger resolution, send written notice concerning the merger to the known creditors of the company who have claims against the company which predate the adoption of the merger resolution.
- 6.4. The Management Board shall publish two notices concerning the merger resolution with at least a fifteen-day interval in the official publication *Ametlikud Teadaanded*. The notice shall indicate that creditors are to submit their claims within two months.
- 6.5. The Management Board of or partners or shareholders entitled to represent a merging company shall submit a petition for entry of the merger in the commercial register of the seat of the company not earlier than three months after publication of the second merger notice. The following shall be appended to the petition: 1) a notarised copy of the Merger Agreement; 2) the merger resolution; 3) the minutes of the meeting of the partners or shareholders if the merger resolution has been made at a meeting; 4) the permission for merger, if required; 5) the Merger Report or the agreements not to prepare one; 6) the auditor's report, if required, or the agreements not to prepare one; 7) the final balance sheet of the Company Being Acquired if the Company Being Acquired submits the petition; 8) references to issues of *Ametlikud Teadaanded* in which notices specified in subsection 399 (2) of the Commercial Code are published; 9) a decision of the Director General of the Competition Board or his or her deputy concerning the grant of permission to concentrate, if the aggregate worldwide realised net turnover of the merging companies during the previous financial year exceeded 500 million kroons and the aggregate worldwide turnover of each of at least two of the merging companies exceeded 100 million kroons and if the business activities of at least one of the merging undertakings are carried out in Estonia, except in cases of mergers within groups; 10) confirmation from the registrar of the Estonian Central Register of Securities attesting receipt of the notice specified in subsection 402 (3) of this Act, if the shares of the merging company are entered in the Estonian Central Register of Securities.
- 6.6. A registrar may enter the merger in the register only if the final balance sheet of the Company Being Acquired is prepared as at a date not earlier than eight months before submission of the petition to the commercial register. The provisions for preparation and approval of an annual report shall apply to the preparation and approval of a final balance sheet.
- 6.7. The merger shall not be contested after its entry in the commercial register of the seat of the Acquiring Company.
- 6.8. The members of the Management Board and Supervisory Board, or the managing partners or shareholders of the Acquiring Company shall be solidarily liable to the company, the partners or shareholders, or their creditors for any damage wrongfully caused by the merger.
- 6.9. The assets of the Company Being Acquired shall transfer to the Acquiring Company as of entry of the merger in the commercial register of the seat of the Acquiring Company, whereby the Company Being Acquired shall be deemed to be dissolved. After entry of the merger in the commercial register of the seat of the Acquiring Company, entries regarding the transfer of assets shall be made in registers on the petition of the Management Board of the Acquiring Company.

7. ORIGINAL OF THE NOTARIAL DEED, ISSUE OF FIRST TRANSCRIPTS AND COPIES

- 7.1. This notarial deed has been made and signed in one (1) original, which shall be maintained at the office of the Notary Public.
- 7.2. At the date of this notarial act, first transcripts of the notarial act shall be issued to the Acquiring Company and the Company Being Acquired.
- 7.3. A certified copy of this notarial deed shall be filed with the commercial register and the Estonian Central Register of Securities.

8. COSTS OF ENTRY INTO THE AGREEMENT

- 8.1. The costs of entry into this Agreement shall be borne by the Acquiring Company.
- 8.2. The Parties hereto shall pay the notary fees at the office of the Notary Public in cash or by means of a payment card or deliver the notary fees by a bank transfer to the current account of the Notary Public within three (3) business days from the signing of this Agreement. The Notary Public is entitled to withhold

INSCRIPTION OF FIRST TRANSCRIPT

Tallinn, 31 May 2005

I, Margus Veskimäe, Notary Public in and for Tallinn, with my offices situated at Rävälä pst 3/Kuke 2, Tallinn, issue this first transcript which, according to section 48 of the Notarisation Act, stands in lieu of the original notarial deed in legal acts.

This document comprises 6 pages, including the page containing the inscription of the first transcript, bound with string and sealed with an embossing seal.

Registration number in the register of notary fees: 5798.

Notary fee	EEK 15 (§ 35 of the Notary Fees Act)
VAT	EEK 2.7
Total	EEK 17.7

First transcripts are issued to the following persons:

- 1) Aktsiaselts Starman
- 2) AS Terset Telecommunications Group
- 3) AS Levi Kaabel
- 4) TALLINNA KAABELTELEVISIOONI AS