



PRESS RELEASE

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**BALTIKA SHAREHOLDERS GIVE GREEN LIGHT TO
MERGER WITH PIKRA, VENA AND YARPIVO**

St. Petersburg, Russia – Today Baltika Breweries, the leading brewer in Russia and Eastern Europe, announced that its shareholders have voted in favour of the proposed merger of Baltika with brewing companies Pikra, Vena and Yarpivo. An overwhelming majority of Baltika shareholders voiced their approval for the deal at the March 7 extraordinary general shareholders meeting. When completed, the merger will reinforce Baltika's position as Russia's number one brewer, and double the number of its breweries from 5 to 10.

Baltika Breweries President Anton Artemiev commented: "I am absolutely delighted that Baltika shareholders have voted in favour of the merger with Pikra, Vena and Yarpivo. Baltika is a highly successful, world-class company that Russia can be proud of. This merger enables us to strengthen our position as the leader in the highly competitive domestic market and gives us an extended platform for international expansion."

In accordance with Russian legislation, only non-affiliated minority shareholders of Baltika were eligible to vote on the merger resolutions on the agenda of the EGSM. A very substantial majority of the eligible shareholders supported the merger, with the four merger related IPT (Interested Party Transaction) resolutions being supported by the holders of over 8.41 million shares, representing over 98 percent of shares voted and 88 percent of all shares eligible to vote on the resolutions.

Anton Artemiev commented on the voting results, saying, "We are very pleased that the vision of the management and the shareholders concur. We presented the shareholders with what we believe is an excellent offer and the best way forward for all the companies concerned. We are encouraged that they gave us their approval. We will continue to inform the shareholders throughout the merger process, as there are still many steps ahead."

With this first and critical milestone of gaining Baltika shareholder support now successfully passed, Baltika will proceed according to the proposals announced on January 18, 2006. Shareholders in Pikra, Vena and Yarpivo will be offered the option of exchanging their shares into Baltika ordinary shares or selling them to Baltika, if they wish to do so. Baltika ordinary shareholders will have the opportunity to either sell their shares back to the company or retain their shareholding in the enlarged company. Baltika is pleased to note that many shareholders have already expressed interest in converting to or retaining Baltika shares. Completion of these steps will



mark the conclusion of phase one of the merger, and the transfer of majority ownership of Pikra, Vena and Yarpivo to Baltika Breweries.

During the second phase of the merger process, Pikra, Vena and Yarpivo are to be fully merged into Baltika Breweries. This phase will be conditional upon approval of the majority of all shareholders in Pikra, Vena and Yarpivo as well as Russian Federation regulatory consents. The entire merger process is expected to be completed by late 2006.

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Note to Editors:

BALTIKA

Baltika is the largest beer producer in Russia and Eastern Europe. The company was established in St. Petersburg in 1990 and since 1996 has been the undisputed leader of the Russian brewing market. Baltika operates five breweries located in St. Petersburg, Rostov-on-Don, Tula, Samara and Khabarovsk, with an aggregate production capacity of 24.0 million hectolitres per annum. In 2005, Baltika produced 22.4 million hectolitres of beer. Key Baltika brands, including Baltika, Arsenalnoye and Medovoye, licensed Foster's and Carlsberg and a number of regional brands such as DV, Samara and Don, are sold across Russia and 38 other countries around the world. The company employs around 7,500 people.

PIKRA

Pikra is the largest beer producer in Eastern Siberia. The company was founded in 1991 on the basis of the Krasnoyarsk Brewery which dates back to 1875. Pikra operates one brewery in Krasnoyarsk with production capacity of 1.5 million hectolitres per annum. In 2005, the company produced 1.1 million hectolitres of beer. Key brands include Kupecheskoye and Legenda, which are sold primarily in its home market of Siberia, however Pikra also has a notable presence in the Far Eastern region of Russia. The company employs around 600 people.

VENA

Vena is one of the leading breweries in the North-West and Urals regions. The original brewery was founded in 1872. Vena operates two breweries, one in St. Petersburg and the other in Chelyabinsk, with an aggregate production capacity of 5.5 million hectolitres per annum. In 2005, Vena produced 4 million hectolitres of beer. Key brands include Nevskoye, Uralsky Master and licensed Tuborg. Vena employs around 1,500 people.



YARPIVO

Yarpivo is the fifth largest beer producer in Russia. The original brewery was founded in 1974. Yarpivo operates two breweries, one in Yaroslavl and the other in Voronezh, with an aggregate capacity of 6.0 million hectolitres per annum. In 2005, Yarpivo produced 5.5 million hectolitres of beer. Key brands include Yarpivo, Volga, Slavnoye, Voronezhskoye and Irish Red beer. Yarpivo employs around 1,700 people.

SUMMARY STATISTICS ABOUT THE ENLARGED BALTIKA

- Enlarged Baltika pro-forma full year 2004 revenues of US\$1.51 billion, EBITDA of US\$395 million and net income of US\$207 million
- Capacity of 37 million hectolitres per annum
- 10 breweries; including two breweries in St. Petersburg and one brewery each in Rostov-on-Don, Tula, Samara, Khabarovsk, Yaroslavl, Voronezh, Chelyabinsk, and Krasnoyarsk
- 4 wholly owned malt houses
- Over 11,000 employees