

Government of Republic of Montenegro



Agency of Montenegro for Economic Restructuring and Foreign Investments (hereinafter the “**Agency**”) hereby announces the:

PUBLIC INVITATION

for participation in a public tender process for the sale of shares in:

“Telekom Crne Gore” A.D., Podgorica

1. Subject of this tender is sale of 24.166.628 shares or 51,1204 % of the total capital, of “Telekom Crne Gore” A.D., Podgorica (hereinafter the “**Company**”), out of which 23.953.548 shares are owned by the Government of Republic of Montenegro and 213.080 shares are owned by Montenegro Employment Bureau.

The Agency has appointed Raiffeisen Investment to act as an exclusive financial advisor (the “**Financial Advisor**”) with respect to the privatization of the Company.

2. Details about the Company are as follows:
“Telekom Crne Gore” AD - Podgorica
Company Identification Number: 02289377
Total number of shares: 47.273.940
Ownership structure: 50,6697% of shares owned by the Government of Republic of Montenegro; 0,4507% of shares owned by Montenegro Employment Bureau and 48,8796% of shares in ownership of other private shareholders (privatization funds, legal and natural persons).

General data about the Company is available at:

<http://www.telekomcg.com>

Detailed information about the Company are presented in the Tender Documents and will be made available to the tender participants that fulfill the criteria set out in Section 4 of this Public Invitation (hereinafter “Qualified Tender Participants”).

3. The Agency hereby invites interested parties to submit a written request to purchase the Tender Documents, together with the supporting documents required under Section 5 of this Public Invitation (hereinafter “The Request”) explicitly noted as “Request to Purchase the Tender Documents”. The Requests shall be deemed to be timely providing that they have arrived in original at the Agency and in copies at the Financial Advisor by 05.11.2004, at 17.00 hours (Podgorica time).
4. An interested party shall be entitled to purchase the Tender Documents if it fulfills the following criteria:
 - a. That it has over 700.000 fixed and/or mobile telephone subscribers;
 - b. That its revenues in the last audited fiscal year exceed the equivalent of Euro 100.000.000,- (one hundred million); and

- c. That it has the ability to evidence, with full transparency, its actual and beneficial (as the case may be) ownership and control structure, as well as that of its parent companies¹.

An interested party which does not satisfy the criteria contemplated by points a) and b) above but which is directly or indirectly owned (with 100% of its capital) by an entity that fulfills the above criteria (hereinafter a "Parent Company") is also entitled to purchase the Tender Documents. An interested party or a consortium, which also does not satisfy the criteria contemplated by points a) and b) above, but which either directly or indirectly owns a subsidiary (with at least 51% of subsidiary's capital) which does satisfy above criteria, is also entitled to purchase the Tender Documents.

5. An interested party's Tender Documents Requests must include the following documents, submitted in the Serbian and English language and certified by its duly authorized representatives:
 - a. Original or certified copy of actual Court or other competent Registry excerpt and equivalent constitutive document of the interested party;
 - b. Consolidated audited financial statements (statutory or international accounting standards, if available) for the last three audited fiscal years or, in the case of entities incorporated for less than three years, for each audited fiscal year during such entity's existence; such financial statements must be provided together with relevant reports of corporate bodies and any audit reports;
 - c. An outline of the ownership and control structure as well as an identification of the parent company and/or entity with the total ownership control, including a summary of any beneficial ownership interests, nominee shareholdings and/or contractual rights granting the power to vote in or otherwise control such entity, as well as confirmation that all such beneficial ownership relations and/or control rights have been fully disclosed¹;
 - d. A summary description (maximum three pages) of the business carried out by the interested party, by the group to which it belongs and by its Parent Company, highlighting, in particular, financial and commercial data attributable to the providing services of fixed and mobile telephony and proof on satisfaction of criteria set out in Section 4 of the Public Invitation;
 - e. Certified declaration that the interested party is not in bankruptcy or liquidation, i.e. otherwise subject to any proceedings of insolvency, administration or similar proceedings which imply a state of insolvency, the termination of business activities or the appointment of a receiver;
 - f. Confirmation of the absence of any conflicts of interest with regard to the privatization procedure of the Company; and
 - g. The name, address, telephone number, e-mail and fax of the contact persons.
6. In the event that the interested party submitting a Tender Document Request is an entity which itself does not satisfy the criteria contemplated by points a) and b) of Section 4 of the Public Invitation, but the criteria are instead fulfilled by its Parent Company (with 100% of its capital in subsidiary), the documents requested in Section 5 must also be supplied for the Parent Company. In the event that the interested party or a consortium, submitting a Tender Document Request, is an entity which itself does not satisfy the criteria contemplated by points a) and b) of Section 4 of the Public Invitation, but which either directly or indirectly owns a subsidiary (with at least 51% of subsidiary's capital) which does satisfy above criteria, the documents requested in Section 5 must also be supplied for the Subsidiary.
7. The Tender Commission pronounces the interested party as a Qualified Tender Participant at its Sessions, and may request additional information in order to determine whether the interested party fulfills criteria set out in Section 4 of the Public Invitation. Additional information, interested party shall submit to Agency and Financial Advisor.
8. Qualified Tender Participants will be provided, by post, e-mail or facsimile, with payment instructions for the Tender Documents in the amount of Euros 15.000, - (hereinafter: the "Tender Documents Fee"), as well as The Confidentiality Agreement. Qualified Tender Participants will be

¹ In case of companies that are publicly traded on an internationally recognized stock exchange, reasonable limitations on the ability to identify beneficial ownership are recognized by the Tender Commission, and such companies may be exempted from this condition.

required, without any delay, to return duly signed Confidentiality Agreement to the Financial Advisor (at the address set out below) and to pay the Tender Documents Fee. The Confidentiality Agreement must arrive to the Financial Advisor, and the payment must be effected to the account of the Privatization Council latest on 18.11.2004.

9. Immediately upon receipt of duly signed Confidentiality Agreement and the confirmation of the Agency that the Tender Documents Fee has been paid, the Financial Advisor shall provide Qualified Tender Participants with the Tender Documents, by post or e-mail. Qualified Tender Participant will be provided with possibility to visit the Company and with access to the data room between November 08 and December 03, 2004, upon arrangement with the Financial Advisor. The Qualified Tender Participant may submit its binding bid pursuant to the rules and procedures set out in the Tender Documents and it has to arrive to the Agency on or before December 22, 2004 at 17.00 hours (Podgorica Time). The Tender Commission reserves the right to amend this deadline, to the extent it deems necessary.
10. Qualified Tender Participant that has purchased the Tender Documents is entitled to enter into a consortium with one other person only, and such consortium may submit the binding bid providing that fulfills the criteria set out in Tender Documents. Other consortium member may be:
 - a) Person fulfilling the criteria set out in Section 4 a), b) and c) of the Public Invitation (with the prior written approval of the Tender Commission), or
 - b) Private Equity Fund with at least 50 million Euros under the management (providing that the Qualified Tender Participant intends to purchase at least 51% of the total number of shares that are to be purchased by the members of consortium, while the Investment Fund intends to purchase the most 49% of the total number of shares that are to be purchased by the members of consortium).
11. Besides the binding bid, Qualified Tender Participant shall pay the deposit or submit a bid bond in favor of the Privatization Council, in the amount of Euro 350.000, - and in the form of unconditional and on-demand bank guarantee, issued by a reputable international bank acceptable to the Privatization Council, as set out in greater detail in the Tender Documents.
12. The Tender Commission reserves the right to change scheduled terms from the Public Invitation.
13. All communications or inquiries relating to the Public Invitation should be directed to the Agency of Montenegro for Economic Restructuring and Foreign Investments and to the Financial Advisor at the following addresses:

Branko Vujović, Director

Agency of Montenegro for Economic Restructuring and Foreign Investments

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