

Based on the Conclusion of the Government of the Republic of Serbia dated 4 April 2006, the Privatisation Agency and the Republic Agency for Telecommunications (jointly the "Agencies") hereby announce the

PUBLIC INVITATION

for participation in a public tender process for the acquisition of a stake in Mobi 63 d.o.o, Knez Mihailova 36, Belgrade and a GSM/GSM 1800 and UMTS/IMT-2000 license for the territory of the Republic of Serbia

1. The Agencies are inviting mobile telecommunication operators to participate in the tender process (the "Tender") for the combined sale (the "Proposed Transaction") of (i) a stake in "Mobi 63" d.o.o. ("Mobi 63" or the "Company"), representing at least 70% of the Company's equity and (ii) a 10-year renewable GSM/GSM 1800 and UMTS/IMT-2000 license for the territory of the Republic of Serbia (the "License"). A consortium of advisers led by Rothschild & Cie. and Citadel Financial Advisory (the "Advisers") is assisting the Agencies in conducting the Tender.
2. Mobi 63, located at Knez Mihailova 36, 11000 Belgrade, is a company founded in the Republic of Serbia in April 2006 by the Republic of Serbia and a group of private Austrian investors through Holdenhurst Holding Ltd., Cyprus ("Holdenhurst"). The Republic of Serbia and Holdenhurst own 70% and 30% of Mobi 63, respectively. A presentation document that briefly describes the (i) transaction background, (ii) the Proposed Transaction, (iii) the Serbian telecommunication market and (iv) Mobi 63, is to be made available shortly upon request from the Advisers (the "Presentation Document"). Although founded in April 2006, due to the circumstances of its foundation the Company will, as of the date of receiving the License in accordance with paragraph 3 of this Public Invitation, have a certain market share in the mobile telephony market in the Republic of Serbia and a network. In addition, immediately upon the issuing of the License, the Company will have the obligation to take on employees of a mobile operator that previously lost its license. Further information on the Company and the Proposed Transaction will be further described in the Presentation Document.
3. The Republic of Serbia is selling its entire 70% equity stake in Mobi 63 together with the License, which will be issued to the winning bidder in the Tender ("Winning Bidder") upon completion of the Proposed Transaction. The Winning Bidder will have the obligation and the necessary consent from the Republic Agency for Telecommunications to transfer the License to Mobi 63, which will enable Mobi 63 to operate as a mobile telephony operator on the territory of the Republic of Serbia. Holdenhurst may sell its entire 30% equity stake in Mobi 63 at the same time under the conditions set forth in paragraph 4 below.
4. Bidders will be invited to submit an aggregate financial offer for the combination of (x) a 100% equity stake in Mobi 63 and (y) the License, subject to the condition that the aggregate financial offer for (x) and (y) must be at least € 800 million. The aggregate amount offered for (x) and (y) by the Winning Bidder (the "Sale Price") will be distributed as follows: an amount equal to 20% of the Sale Price (but not less than € 320 million) will be the consideration paid for the License, whilst the remainder of the Sale Price will be the consideration paid for the equity stake in Mobi 63. The Republic of Serbia and Holdenhurst have signed an agreement on the sale of Holdenhurst's equity

stake in the Company, which comes into force in case the Sale Price exceeds € 1.1 billion, in which case the Republic of Serbia will be able to sell a 100% equity stake in the Company to the Winning Bidder. In case the Sale Price is less than €1.1 billion, Holdenhurst has the right, but not the obligation, to sell its 30% equity stake in Mobi 63. In case Holdenhurst decides to retain its stake in such a situation, it will be obliged to pay the Republic of Serbia € 96 million as the proportional consideration for the License, and the final Sale Price will represent 70% of the Winning Bidder's aggregate financial offer.

5. The Agencies hereby invite interested mobile operators to submit an expression of interest (the "Expression of Interest") to participate in the Tender. In order to pre-qualify and become a pre-qualified bidder (the "Pre-Qualified Bidder"), a pre-qualification candidate ("Pre-Qualification Candidate") shall fulfil the following criteria:
 - (i) That it has in excess of 3,000,000 (three million) mobile telephony subscribers as of year-end 2005;
 - (ii) That it has total revenues for the last audited financial year in excess of € 500,000,000 (five hundred million Euros);
 - (iii) That it can, in a fully transparent manner, provide proof of its nominal and real (if applicable) ownership structure and corporate governance structure, as well as the structure of its parent companies.
6. In order to pre-qualify, Pre-Qualification Candidates shall deliver their Expressions of Interest (by mail or by hand delivery) which must arrive by 4:00 pm Belgrade time on 15 May 2006 to the Privatisation Agency of the Republic of Serbia located at Terazije 23, 11000 Belgrade, Serbia & Montenegro. The outer envelope of the Expression of Interest shall be marked "**Izjava o zainteresovanosti Mobi 63 – ne otvarati osim u prisustvu Tenderske komisije**". Any Expression of Interest which is submitted after the above-mentioned deadline or does not comply with the conditions stated in this Public Invitation will be disregarded and returned to the sender. The public opening of Expressions of Interest will be held at the premises of the Privatisation Agency on the same day at 4:30 pm.
7. Expressions of Interest shall include the following documents in Serbian and English languages, which must be certified by an authorized representative of the Pre-Qualification Candidate and certified by a competent agency of the state of its country of residence (where applicable):
 - (i) An original or certified copy of a valid extract from a Court, Trade Registry or other similar register, as well as the constitutive act of the Pre-Qualification Candidate;
 - (ii) The consolidated audited financial statements (in compliance with local accounting standards or, if available, IFRS), together with the annual corporate body and audit reports, for the last three audited fiscal years. For legal entities that have existed for less than three years, the requested statements and reports should be submitted for each year of existence. The certified translation into the Serbian language should be provided only for the auditor's report (including the name of the signatory) and the income statement for the last audited financial year;

- (iii) A short description of (a) the ownership and corporate governance structures, (b) the identity of the parent company and/or the company that has full ownership control, (c) a short overview of real ownership interests, nominal shareholding and/or contractual arrangements granting voting or controlling rights, together with a statement confirming that all such voting and/or controlling rights have been fully disclosed;
 - (iv) A short description (maximum of 3 pages) of the business operations of the Pre-Qualification Candidate, the group of companies to which it belongs and its parent company, with particular emphasis on the financial and commercial information related to the mobile telecommunication activity and the proof of fulfilment of the criteria under paragraph 6;
 - (v) A statement that no bankruptcy or liquidation proceeding has been initiated against the Pre-Qualification Candidate, and that the Pre-Qualification Candidate is not under any temporary measure or proceeding arising from, or leading to, insolvency, termination of activity or implementation of temporary measures;
 - (vi) A statement confirming that the Pre-Qualification Candidate has no conflict of interests in respect of the Tender, the text of which will be provided by the Advisers upon request; and
 - (vii) The name, postal address, telephone number, e-mail address and fax number of the contact person at the Pre-Qualification Candidate.
8. Shortly after the deadline for the submission of the Expressions of Interest, but no later than on 19 May 2006, the Agencies will, upon advice of the Advisers, announce the names of the Pre-Qualified Bidders through a press release. The Advisers will send to the Pre-Qualified Bidders the Instructions to Bidders which will describe the different phases of the Tender process and the conditions of submission of the offers. Pre-Qualified Bidders will be invited to (i) sign a Non Disclosure and Confidentiality Agreement, (ii) enter a due diligence process that would start shortly after the pre-qualification phase, (iii) propose a mark-up on a draft Sale and Purchase Agreement (“SPA”) to be proposed by the Agencies and (iv) submit a binding financial offer for participation in the Tender. It is expected that the signing of the SPA with the Winning Bidder will be performed by the end of July 2006.
9. All communications and inquiries relating to this Public Invitation shall be directed exclusively to the following persons:

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10. The Agencies reserve the right to modify, amend, suspend or terminate the Tender. By participating in the Tender, a Pre-Qualification Candidate acknowledges and accepts the terms of this Public Invitation. Neither the Republic of Serbia, nor the Agencies, nor the Advisers shall be held liable for any loss or damage to a Pre-Qualification Candidate based on its participation in the Tender, nor for any delay that may occur in the delivery of any document within the Tender procedure, nor for any loss or damage arising from any decision of the Agencies to modify, amend, suspend or terminate the Tender or any decision of the Republic of Serbia or Holdenhurst, made in accordance with this Public Invitation and the Tender procedures, to sell or not sell their equity stakes in the Company.