

REPUBLIC OF ALBANIA

MINISTRY OF ECONOMY

**INVITATION FOR EXPRESSION OF INTEREST IN THE ACQUISITION OF ORDINARY
SHARES OF ALBTELECOM SH.A.**

The Ministry of Economy of the Republic of Albania - according to Law 8306, dated 14.3.1998 “*On the privatization strategy of primary importance sectors*”, to Law 8810, dated 17.5.2001 “*On the definition of form and structure of privatization formula of the joint stock company "Albtelecom sh.a."* as amended by Law 9127, dated 27.7.2003 (Law 8810, as amended, will be hereinafter referred to as the "Albtelecom Privatization Law"), to the Decision of the Council of Ministers no. 329 dated 12.7.1999 “*On the tendering procedures for the selection of the strategic investors and the transfer of the shares owned by the State in commercial companies of primary importance sectors*”, to the Decision of the Council of Ministers no. 653 dated 21.11.2001“ *On the selection criteria of the strategic investors interested in purchasing the shares of Albtelecom Sh.A*”, as amended by Decision of the Council of Ministers no. 419, dated 2.07.2004, to the Decision of the Council of Ministers no. 416, dated 2.07.2004 “*On the definition of shares stake which will be offered to strategic investors*” and to the Decision of the Council of Ministers no. 417, dated 2.07.2004 “*On the criteria for the selection of the offers for Albtelecom Sh.a privatization*”, - has approved the commencement of the procedure for the sale of the majority of the shareholding held in the share capital of Albtelecom Sh.A. (hereinafter referred to also as "Albtelecom" or the "Company"), and consequently invites to submit expression of interest in the acquisition of Albtelecom ordinary shares.

1. Albtelecom Sh.A.

Albtelecom is a joint-stock company incorporated under the Albanian law, whose shares are 100% held by the Ministry of Economy. The object of its activity is all the services of telecommunications, provided by the legislation on telecommunications in force, in the territory of the Republic of Albania, particularly the following:

- fixed line telephony services ;
- traditional telex and telegraph services
- lease lines services;
- national and international data transmission services and ISDN;
- internet access and portal services;
- value added telephony services such as free call service, call forwarding, call barring, callwaiting, three-party conference call, voice mail and pre-paid cards for public telephones;
- radio maritime communications services.

Albtelecom is being granted the third GSM license through a new company “Eagle Mobile”, of which Albtelecom owns 100% of the shares. In this way, Albtelecom will be enabled to operate as an integrated telecommunications service provider in Albania.

Albtelecom will enjoy a period of exclusivity in the supply of international fixed telephony services until December 31, 2004.

The share capital of Albtelecom currently amounts to 17,400,000,000 leke, fully subscribed and paid-in, represented by no. 17.400,000 ordinary shares with a par value of 1 ,000 (one thousand) leke each.

2. Privatization process of Albtelecom

The privatization of Albtelecom will be carried out by the sale of 76% of the whole Albtelecom share capital. As part of the sale will be also the company “Eagle Mobile”, as described above. The process will be carried out through an open international tender. Investors which will express their interest in the process will be invited to submit their offer in accordance to legislation on privatization of Albtelecom.

3. Investors eligible to participate in the sale procedure of Albtelecom shares

This announcement is addressed exclusively to potentially interested investors complying with the following preliminary requirements:

- being joint-stock companies - or comparable legal entities under the legislation of the entity's country of incorporation -as well as pools of investors acting in consortium for the purposes of such acquisition or intending to implement the transaction through a company to be incorporated;
- not being, directly or indirectly, shareholders or partners of telephonic operators, which operate in Albania;
- having a fully paid-in capital up US\$ 150,000,000 or the equivalent amount in the currency in which the capital is denominated; the net worth and, if applicable, the consolidated net worth, shall be at least US\$ 300,000,000 ;
- being network operators in the telecommunications industry and certified based on the series of standards ISO 9000, with a track record of supplier of telecommunication services for no less than two years; in case of consortia or pools of investors, the leading member shall comply with the same requirement.
- in case of pools of strategic investors with financial investors, the strategic investors will manage shares control.

Parties which are in liquidation or subject to insolvency, administration, receivership or other similar proceedings, or any proceedings that imply a situation of insolvency or the interruption of business activities, will not be admitted to the sale procedure.

4. Sale procedure: expression of interest

Interested investors satisfying the requirements set out in paragraph 3 are invited to submit their expression of interest in writing and apply for a copy of the Information Memorandum about Albtelecom specifically prepared for the sale procedure.

The letters (in English) containing the expression of interest shall refer to "Albtelecom Privatization" and be sent - in time to be received within 18.00 h of Friday December 3rd, 2004 (Albanian time) - to:

Republic of Albania
Ministry of Economy
Boulevard Zhan D'Ark, Tirana
www.minek.gov.al
E-mail : privatizim_transparent@minek.gov.al
Tel.: +355 4 364 633
Fax: + 355 4 364 639

The following documents (with a translation into English, if the original is in a different language) shall be attached to any original of the letter:

- 1) the deed of incorporation and by-laws (or other equivalent legal documents) currently in force of the interested party;
- 2) the last non-consolidated and, where available, consolidated financial statements
- 3) the powers granted to the legal representative who has signed the letter;
- 4) a declaration (signed in original by the legal representative) that the interested party is not in liquidation or subject to any proceedings of insolvency, administration, receivership or other similar proceedings or any proceedings that imply a situation of insolvency or the interruption of business activities.

The expression of interest may be submitted jointly by two or more parties acting as consortium to the purposes of the acquisition (pool of investors), and by investors intending to implement the transaction through a company to be incorporated; in such cases, the documents accompanying the letter must relate separately to each of such parties, or to each shareholder of the relevant company . Moreover, it is intended

that all the parties concerned shall be jointly and severally responsible for all the obligations arising from the future acquisition (if any) of Albtelecom shares.

All expressions of interests should be submitted by the interested party directly. However brokers or agents of any kind are admitted, but must disclose the name of the investors they are representing: any failure to do so will render any such expression of interest inadmissible.

After the receipt of the expression of interest, the interested parties (meeting the requirements) will be supplied with a confidentiality agreement to be accepted; when the confidentiality agreement, duly signed, is sent back, the interested parties will be provided with the Information Memorandum about Albtelecom and with a letter of invitation to submit a purchase offer, containing the related instructions and a description of the further steps of the sale procedure. The Ministry of Economy of the Republic of Albania reserves the right not to provide any interested party with the Information Memorandum about Albtelecom even if such party meets the requirements.

5. Miscellanea

The publication of this announcement the receipt of any expressions of interest do not constitute any obligation of, or undertaking by the Ministry of Economy of the Republic of Albania to sell any shares in Albtelecom to any of the parties interested in the acquisition, nor shall it give rise to any claim or right of action by such parties for the performance of any action by the same Ministry, on any ground whatsoever. The Ministry of Economy of the Republic of Albania reserves the right, at its sole discretion and at any time to: (i) withdraw from the sale procedure, or (ii) to interrupt or modify it, or (iii) to exclude any interested party from the sale procedure without giving rise to any claim for compensation or damages whatsoever by the interested parties against the Ministry of Economy of the Republic of Albania.

Any data received shall be processed in compliance with the provisions of the law, so as to ensure the protection of the rights and privacy of the interested parties. In particular the data shall be processed exclusively for the purpose of ascertaining whether the parties satisfy the conditions for participating in the sale procedure of Albtelecom shares and to ensure the proper conduct of the privatization process.

The distribution or publication of this invitation shall not constitute an offer or sale of Albtecom shares in any jurisdiction, and any such offer or sale at any time after the distribution or publication of this invitation may be subject to restrictions in certain jurisdiction.