

QUALIFICATION DOCUMENTS

QUALIFICATION STAGE OF THE RESTRICTED PUBLIC PROCUREMENT PROCEDURE

Public procurement reference number:

JN-01/08

Subject of public procurement:

**Consultancy Services related to Initial and Secondary Public Offering for
Preduzeće za telekomunikacije «TELEKOM SRBIJA» A.D
[Joint Stock Telecommunications Company „Telekom Srbija“]**

Procuring Authority:

**Public Enterprise for PTT Communications «SRBIJA»
2 Takovska Street, 11000 Belgrade
and
Privatization Agency, Republic of Serbia
23 Terazije Street, 11000 Belgrade**

Public procurement procedure conducted by:

**Privatization Agency, Republic of Serbia
23 Terazije Street, 11000 Belgrade**

Belgrade, April 2008

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A. INVITATION FOR SUBMISSION OF APPLICATIONS

The Resolution 05 number 404-116/2008-001 of the Government of the Republic of Serbia adopted the Information on the requirement for conducting the procedure for awarding the Contract for public procurement of the consultancy services related to Initial Public Offerings of shares of certain public and state enterprises.

Pursuant to Article 101, Paragraph 2 and Article 27, Paragraph 5, of the Public Procurement Law (Official Gazette of the Republic of Serbia" Nos. 39/2002, 43/2003, 55/2004 and 101/2005, hereinafter: the Law), Public Enterprise for PTT Communications «SRBIJA» Beograd and the Privatization Agency (hereinafter: the Procuring Authority) invite the bidders to submit their written applications (hereinafter: the Application) for participation, in accordance with the Qualification Documents, and based on the Public Invitation for qualification of Bidders in the first stage of restricted public procurement procedure no. JN-01/08, published in "The Official Gazette of RS" No. 44/2008 dated April 24th 2008.

Public procurement procedure shall be implemented by the Privatization Agency (hereinafter: "PA"). Applications must be prepared in complete accordance with the Qualification Documents, and must fulfill all requirements for participation in the public procurement procedure.

1. SUBJECT OF PUBLIC PROCUREMENT

The Subject of this public procurement are consultancy services of the privatization consultant that shall include drafting of the privatization strategy and provision of the consultancy services in the process of Initial and Secondary Public Offering for the company "Telekom Srbija" a.d. Beograd.

The type and description of the subject of the consultancy services are specified in section "D" of the Qualification Documents.

2. ESTIMATED VALUE OF THE PUBLIC PROCUREMENT

The estimated value of the public procurement estimated by the Procuring Authority is:

- Retainer Fee – maximum EUR 250.000,00 (two hundred and fifty thousand euros) in RSD counter-value according to the median exchange rate of the National Bank of Serbia applicable at the date of bid opening, and
- Success Fee - maximum 2,5% (two and 50/100 percent) of the transaction value

The Transaction refers to the Initial Public Offering (IPO) and Secondary Public Offering (SPO) for Preduzeće za telekomunikacije "TELEKOM SRBIJA" A.D.

3. DEADLINE FOR SUBMISSION OF APPLICATION

The application shall be deemed timely if it is submitted by May 26th 2008 by 12:00 (local time of the Procuring Authority).

The bidders shall submit applications by registered mail or deliver it personally to the address: Privatization Agency, 23 Terazije, 11000 Belgrade, office 714, VII floor.

The Applications that arrive after the specified date and time shall be deemed untimely regardless of the method of their submission.

The Procuring Authority's Public Procurement Commission shall not consider untimely applications, and shall return them unopened and with a notice stating their untimely submission, upon completion of Application opening.

4. OPENING AND EVALUATION OF THE APPLICATIONS

The opening of Applications shall be carried out immediately upon the expiry of the deadline for submission.

The Public Procurement Commission shall evaluate valid Applications and prepare a list of qualified bidders whose applications fulfill minimum requirements in accordance with conditions and requirements defined in the Qualification Documents (hereinafter: the Candidates).

Provisional deadline for deciding on the acknowledging of qualification is 15 days from the date of opening of Applications. The PA shall notify all participants on the short listed Candidates.

5. SUBMISSION OF BIDS

In the second stage of the procedure, the PA shall invite all Candidates to submit their bids.

The PA shall submit the Bidding Documents to qualified Bidders within the provisional period of 8 (eight) days from the date of decision on the qualification acknowledgement.

Invited Candidates shall submit their offers within the deadline set in the Bidding Documents.

6. CONTRACT AWARD CRITERIA

The selection of the most favorable bid shall be executed according to the criterion of economically most favorable bid, in line with the criteria specified in the Bidding Documents.

B. INSTRUCTIONS TO BIDDERS FOR PREPARING THE APPLICATION

1. BIDDERS

Bidders may submit their applications individually or as consortium members (in case of joint application). The Bidder may decide to include subcontractors, which may be individuals and/or firms. The Bidder/s and Subcontractor/s shall be clearly specified.

Bidders, individually or as consortium members, may submit only one application.

After acknowledging of Qualifications, Bidders are not allowed to change the structure of the Bidder (the structure of the consortium, or the subcontractor's structure) nor are they allowed to change the structure of the expert team specified in the Application.

If it becomes necessary a Bidder may amend the structure of the Subcontractors or replace a Subcontractor, but a Bidder is obliged to seek the approval from the Commission, inform the Procuring Authority, and seek from the Procuring Authority to reevaluate the qualification of a Subcontractor.

2. JOINT OFFER

The application may be submitted by a group of bidders - a joint application. In this case, along with other documents, the participants shall submit an Agreement on joint participation, in which they undertake joint performance of the procurement and regulate liability of each participant, whereas, pursuant to Article 51, Paragraph 5 of the Law, the Bidders from the group of Bidders shall assume unlimited several and joint liability towards the Procuring Authority for the total contract performance, and they are requested to specify this to the Procuring Authority under an Article of the Consortium Agreement. Consortium members can define obligations and powers of consortium members for each stage of the procedure under a legal act on joint execution of procurement.

In case a group of bidders submits a joint application, each bidder within the consortium shall individually comply with general conditions set out in Article 45, Paragraph 3, Items 1-3 of the Law, whereas in terms of compliance with conditions under Items 5 and 6 of the same paragraph, the consortium of bidders shall fully comply with all additional qualification requirements, or else their application shall be deemed invalid.

One bidder cannot be a member of more than one consortium at the same time.

3. ENGAGING A SUBCONTRACTOR

Bidders are required to state in their application whether they will engage a subcontractor for the performance of the contract (i.e. the legal entities or individuals which have no full-time job at the bidder, and which are engaged by the bidder for rendering of the services related to the public procurement). In this case, they are obliged to state names of subcontractors and to submit evidence whether subcontractors fulfill

general conditions for participation in the procedure, as stipulated in Articles 45 of the Law. Regardless of the number of subcontractors, the Bidder shall be fully liable to the Procuring Authority for execution of the contract.

In case a Bidder is participating with a subcontractor, it must submit evidence on the fulfillment of general conditions for participation for all subcontractors, in the same form and manner as it is required for the Bidder.

4. CONFLICT OF INTEREST AND LIMITATION ON ENGAGEMENT OF THE BIDDER

Selected Bidder(s) shall provide professional, objective and impartial advice, and at all times hold the Procuring Authority's interests paramount, without any consideration for future work, and strictly avoid conflicts with other assignments or their own corporate interests. Selected Bidder(s) shall not be hired for any assignment that would be in conflict with their prior or current obligations to other clients, or that may place them in a position of not being able to carry out their assignment in the best interest of the Procuring Authority.

Selected consultant(s), subcontractors, consortium members and their staff, as well as persons connected to them cannot be engaged, directly or indirectly, during the Contract Period, as well as one year after the expiry of the Contract, to perform any jobs or professional activities in the country of the Procuring Authority that are in conflict with the obligations and activities of the consultant assumed by the contract.

5. COMMENCEMENT OF THE SERVICES

The selected Candidate is expected to commence rendering of services no later than 7 (seven) days after the signing of the Contract.

6. DURATION OF THE PUBLIC PROCUREMENT CONTRACT

Procuring Authority shall conclude a contract with selected bidder for a period of 18 months from the signing date.

7. LANGUAGE

The language in the public procurement procedure is Serbian.

Public invitation and qualification documents have been prepared in the Serbian and English languages, but in the event of any inconsistencies, the Serbian version shall prevail.

Application and other documents relating to the Application shall be in the Serbian language. In addition to the application in Serbian, the Bidders may also submit equal number of copies of their Applications in the English language, whereas, in case of any dispute, the Serbian language version shall prevail.

Copies of official documents referred to in Appendices 6, Item 1 - 4 of the documentation as well as Certificates of Procuring Authority can be delivered in the English language, whereas the Procuring Authority reserves the right to request a translation of such documents into Serbian, at the Bidder's expense. Other Appendices shall be submitted in the Serbian language or translated into the Serbian language.

8. COMMUNICATION

In the public procurement procedure, communication between the PA and Bidders shall be performed in writing in such a way to ensure maximum efficiency as follows: through e-mail and fax. The PA shall submit documentation related to public procurement procedure only to person/s indicated by the Bidder as authorized contact person/s.

The PA may submit to Bidders all documentation through e-mail, but Bidders are obliged to inform promptly the PA about receiving the above-mentioned documentation and other consignments. Documentation submission to Bidders may also be performed in other adequate ways (by mail), but Bidders are however obliged to inform the PA on receiving of the consignment as soon as possible.

Bidders shall submit all certificates of receipt of documentation and written communication to the PA and simultaneously to the following address: fsanovic@priv.rs, or by fax: +381 11 30 29 956, marked with «Certificate of Receipt – Public Procurement JN-01/08».

Bidders cannot submit applications and accompanying documentation electronically but only in a way described in the Section A, Item 3, Paragraph 2 of the Qualification Documents.

9. REQUEST FOR CLARIFICATIONS

Requests for additional information and clarification in respect of preparation of the Application shall be submitted in writing only (by fax or e-mail), no later than 5 days prior to expiry of the deadline for submission of Applications.

Procuring Authority shall, as soon as possible, but no later than 3 days prior to expiry of the deadline for submission of Applications, reply in writing to all potential bidders who collected Qualification Documents.

All inquiries should be sent by e-mail to the stated address: fsanovic@priv.rs, or by fax: +381 11 30 29 956, marked with «Clarifications - Public Invitation no. JN-01/08».

10. SUBMISSION OF APPLICATION

The Bidder has to submit the application in writing.

The data in Application must be stated clearly and explicitly.

The Application shall be composed by filling in the requested data in the forms which are integral part of the Qualification Documents.

It is desirable that all submitted documents are bound with ribbon and sealed, so that there is no possibility for subsequent insertion, removal or replacement of separate pages, i.e. appendices, without obvious damage to the pages or the seal.

The Bidder shall submit the Application in a sealed envelope so that it could be checked whether the envelope has been closed in the same way as it was submitted. It shall also be marked with the following:

- "Application for Qualification - JN -01/08 – not to be opened before the session for opening of applications".
- Full name and address of the applicant, and
- Contact details (name, phone number, e-mail).

The application shall be submitted in one sealed envelope that must contain copies of the application in two separate sealed envelopes: in one envelope one copy of the application (on which must be stated: "copy for the Commission for Protection of Bidders' Rights"), and in the other 6 copies of the application. After opening of applications, the PA shall send the envelope containing one copy of the application (unopened) to the Commission for Protection of Bidders' Rights.

11. COSTS OF APPLICATIONS

Costs of composing and submitting the application, as well as costs of participating in the procurement procedure, do not represent direct costs related to rendering of the subject services, and therefore shall not be compensated by Procuring Authority.

12. CONFIDENTIALITY OF INFORMATION CONTAINED IN APPLICATION

All the Information contained in the Qualification Documents is Confidential and may be used exclusively for the preparation of the Applications.

Information which is marked as confidential by the Bidder shall be used solely for the purpose of this public procurement, and shall not be available to any third party apart from the procuring authority representatives. This information shall not be publicly disclosed at the event of opening of Applications, nor in the further course of the procedure, or later.

The Bidder may mark as confidential the information regarding its personal data, which are not entered in any public register, or available otherwise, as well as business data, which are marked as confidential pursuant to bidder's regulations or internal acts.

Procuring Authority shall treat as confidential the documents which in upper right corner contain capitalized sign "CONFIDENTIAL", and below the signature of the person who signed the Application. If there is a single confidential data within a document, such data shall be underlined in red ink, and in the same line, next to the right margin, it must be written "CONFIDENTIAL".

Procuring Authority shall have no liability for the confidentiality of information which is not marked as specified above.

If the data marked as confidential do not meet the above stated requirements, Procuring Authority shall ask the Bidder to remove the confidentiality mark. Bidder shall do so by having its representative write the mark "REVOKED", along with the date, time and its signature.

If the Bidder fails to revoke the confidentiality of a document within time stipulated by Procuring Authority, the Procuring Authority shall reject the Application in full.

Note: All data not marked as confidential can be made available to all bidders involved in the procedure, pursuant to Article 7, Paragraph 3, of the Public Procurement Law.

13. VALIDITY OF THE APPLICATION

The application must be valid for at least 90 days from the date of opening.

If the bidder states a shorter validity period, the Application shall be rejected.

The Procuring Authority may ask for bidder's concordance for prolongation of period of application validity in writing. During the application validity period, a bidder has no right to withdraw or change the delivered application.

14. EXCLUSION OF THE APPLICATIONS

Only valid and timely application, which fully meets all the requirements set out in the Qualification Documents, shall be taken into consideration.

Invalid and incomplete applications shall not be taken into consideration and shall be rejected.

During the procedure of reviewing and analyzing the Applications, the Procuring Authority may reject the Applications that are inadequate (in technical terms) or unacceptable (in terms of any of the criteria or requirements set out in Qualification Documents).

The Procuring Authority reserves the right to cancel the public procurement procedure after announcement of the Public Invitation and conducted procedure for selection of the most favorable Bidder, at any moment from the date of publishing of the public invitation in the «Official Gazette of the RS», in case of:

- A. material changes in financial circumstances, requirements and technical terms of the procurement;
- B. irregular, unforeseen events, i.e. force majeure, when the execution of the contract becomes impossible;
- C. irregularity of the procedure, especially if such irregularity caused danger to free and open competition of the Bidders.
- D. waiving of selection, if it is determined that no application corresponds with requirements set out in Qualification Documents
- E. waiving of selection for any other reason, with a proper explanation.

In the event of the cancellation of public procurement, the Procuring authority shall not be held liable, in any manner whatsoever, for any real damage, lost profit, or any other damage that the bidder may suffer in this regard, regardless of the fact that the Procuring authority was warned about the possible occurrence of damage.

Announcement of the public invitation and implementation of the procedure do not bind the Procuring Authority to select the most favorable bid and execute the contract.

15. PARTICIPATION REQUIREMENTS

a. GENERAL REQUIREMENTS

All Bidders have the right to participate if they fulfill obligatory requirements in accordance with Article 45 of the Law.

Pursuant to the Article 45 Paragraph 3 of the Law, the Bidder must fulfill the following general conditions for participation in the public procurement:

1. that it is registered with the competent authority for performing relevant activities;

2. in the period of two years prior to announcement of this Public Invitation it has not been sentenced by decree absolute or administrative measure prohibiting the performance of the activity which is the subject of this public procurement;
3. it has paid all due taxes and contributions and other levies for the current year in accordance with regulations of the Republic of Serbia or any foreign country if it has registered seat in it;
4. it has a valid license issued by the competent authority for performing activities which are the subject of the public procurement, such approval being stipulated under special regulation;
5. it has necessary financial and business capacities;
6. it has necessary technical capacities.

The Commission shall determine fulfillment of the requirements set out in Article 45 Paragraph 3 Clauses 1-3 of the Law based on the following evidence in accordance with Article 46 of the Law which the Bidder submits together with its Application:

- extract from the court or other competent register;
- certificate that in the period of two years prior to announcement of this Public Invitation the Bidder has not been banned from pursuing the subject consultant services by any enforceable court or administrative measure
- certificate issued by the competent tax authority of the state in which it has registered seat, i.e. certificate of the Tax Administration of the RS;
- Income statement certified by the authorized auditor or an extract from that income statement, i.e. the statement on bidder's entire income from rendering of services to be the subject of the public procurement contract – for previous three clearing years, for each bidder, and, in the event of consortium, for at least one consortium member.

The General Requirements for participation in public procurement procedure have to be fulfilled and the necessary evidence has to be provided by Bidders, consortium members (in case of a joint offer), as well as subcontractors, regardless of whether they are legal entities and individuals.

b. SPECIFIC QUALIFICATION REQUIREMENTS

In addition to conditions specified in Article 45, paragraph 3, Clauses 1-3 of the Law, in order to qualify the participants shall have to fulfill the conditions specified in Clauses 5-6 of the same Paragraph 3, stated below:

1. BIDDER'S EXPERIENCE

For accepting the Bidder's qualification (excluding any references of Subcontractors), the Bidder shall have to prove that during the previous five years it successfully carried out IPO projects as a global coordinator (to be proved by certificates in the Appendix 7), which includes the following:

- a) At least 2 (two) projects of IPO in Central and Eastern Europe and Commonwealth of Independent States (CIS) with the offer value in excess of than 500 million EUR (five hundred million Euros); and
- b) At least 1 (one) project of IPO for the enterprises within the field of telecommunications in Europe, Middle East, CIS and Central and Eastern Europe, with the offer value in excess of than 500 million EUR (five hundred million Euros).

2. BIDDER'S KEY STAFF EXPERIENCE

The obligation of the bidder is to provide a team with sufficient capacity for rendering of the stated services in terms of team structure and number of team members, taking into account the type of services and estimated deadlines pursuant to the section "D".

For acknowledgement of the Bidder's qualification under this qualification requirement, the Bidders shall have to nominate at least 5 members of the key staff for proposed positions. The proposed key staff must have minimum 5 years of relevant experience on the proposed positions, whereas at least two members of the key staff shall be full-time employees of the Bidder, which the Bidder shall prove by the statement in writing.

The key staff shall include:

- Expert in equity capital market,

- Telecommunications expert (Investment banking)
- Legal expert in IPO transactions,
- Expert in investment banking and/or capital market and/or privatization in Serbia
- Telecommunications equity research analyst

The Bidder shall nominate the Project Manager who must have significant experience in conducting IPO Projects.

16. MANDATORY CONTENT OF THE APPLICATION

1. Completed, signed and stamped «Application Form» (Appendix 1);
2. Completed form «Information on the Bidder» (Appendix 2).
3. If the Bidder does not participate with a subcontractor, it must submit the statement that it does not participate with subcontractor (Appendix 3).
4. In the event that the Bidder participates with a subcontractor, it must submit a completed form «information on the subcontractor» (Appendix 4), for each subcontractor;
5. In case a group of Bidders submit a joint application, this group must submit: a legal act on joint execution of the procurement, if they are awarded the contract. The legal act on joint execution of the procurement must precisely specify the individual liability of group members for execution of the contract. Nevertheless, the bidders assume joint and several liability towards the Procuring Authority.
6. Statement of the Bidder that it accepts the conditions set out in the Qualification Documents (Appendix 5);
7. Completed, signed and stamped List of Documents evidencing the Bidder's qualification (Appendix 6);
8. Abstract from court or other relevant register;
9. The document confirming that in the period of two years prior to announcement of the Public Invitation, the Bidder was not prohibited to perform the activities which are the subject of the contract by enforceable court decision or administrative measure;
10. Certificate issued by relevant Tax Authority on paid due taxes and contributions for current year, in accordance with regulations in Republic of Serbia or any foreign country where the Bidder has its registered seat.
11. Income Statement certified by authorized auditor, or excerpt from the Income Statement, i.e. the statement of the Bidder's total revenues for previous three clearing years.
12. Procuring Authorities' certificates (Appendix 7);
13. Form about key staff which will be responsible for execution of the contract (Appendix 8);
14. Short company profile.

In case the state where the Bidder has a seat does not issue certificate referred to in Items 9 and 10 of the previous Paragraph, instead of the certificate the Bidder may submit the written statement certified by the competent state authority where the seat is located given under criminal and financial responsibility.

All appendices must be signed and authenticated.

For all consortium members and subcontractors stated in the proposal, the Bidder must submit evidence of fulfillment of compulsory requirements for participation in public procurement procedure, in identical form and manner as required for the Bidder.

Documents issued by official institutions may be originals or authenticated copies (in case the Procuring Authority requests an original evidence, the Bidder is obliged to submit it for inspection) and cannot be older than 6 months from the date of announcement of the Public Invitation in the "Official Gazette of the Republic of Serbia".

If the Bidder has a seat in a foreign country, the documents for evidencing requirements must be authenticated by competent body in the country where the Bidder has its seat (administrative or court body, or chamber of commerce), i. e. the embassy of that country in Serbia.

Notwithstanding the date of the documents, they must state the present legal status of the Bidder at the date of opening of the offer, in respect to the required condition.

The Bidder is obliged to notify the Procuring Authority in writing, without delay, no later than 5 days after the change that may occur in any of the data that evidence the qualification.

17. PROTECTION OF BIDDERS' RIGHTS

In the event that a bidder deems that his rights have been infringed in the public procurement procedure, it may submit a request for protection of the bidders' rights at any time throughout the public procurement procedure, after selection of the most favorable bidder, not later than 8 (eight) days after the receipt of (elaborated) notification on the contract award.

The bidder submitting the request must pay an administrative tax amounting to 40,000.00 (in words: forty thousand) dinars into the following account:

Beneficiary:	RS Budget.
Purpose:	Republic administrative fee
Account No:	840-742221843-57
Payment Code:	153
Call Upon Number:	97 50-016

APPENDICES

Appendix 1

APPLICATION FORM

In accordance with the qualification documents and based on public invitation for qualification of bidders in the first stage of the restrictive procedure no. JN-01/08, published in "Official Gazette of RS" No. 44/2008 dated April 24th 2008, we hereby submit the application as follows:

1. BIDDER

Name of the Bidder *

* In case of Consortium, state the name of the authorized representative

2. We submit the application for qualification (circle, i.e. write in the names of bidders and/or subcontractors):

a. independently	b. with subcontractor(s)	c. joint offer

3. APPLICATION VALIDITY PERIOD

1. The Application is valid (at least 90 days)		days from the date of opening of applications.

4. APPLICATION CONTENTS

The Application consists of the following documents which are, together with this application form, integral parts of the Application:

- Filled list of the documents evidencing the qualifications of the Bidder
- Documentation evidencing the fulfillment of the obligatory conditions for participation and qualification requirements
- Required appendices given within the Procuring Authority's forms provided in the Bidding documentation

First and last name of the authorized person	
Work position	
Signature	
Place and date	

INFORMATION ON THE BIDDER

In the public procurement procedure no. JN-01/08

FULL NAME:

ADDRESS:

CONTACT PERSON:

CONTACT PERSON'S E-MAIL ADDRESS:

PHONE NUMBER:

FAX NUMBER:

PERSONAL IDENTIFICATION NUMBER OF
THE BIDDER:

TAX IDENTIFICATION NUMBER OF THE
BIDDER:

ACCOUNT NUMBER/BANK

PERSON AUTHORIZED FOR SIGNING OF THE
CONTRACT

Place and date:

Bidder:

Seal and signature

BIDDER'S STATEMENT OF NOT PARTICIPATING WITH A SUBCONTRACTOR

In respect of the public invitation for award of the contract for consultancy services in the procedure no. JN-01/08, we hereby state that we are not participating with subcontractor.

NOTICE: This statement is given only if the bidder is not participating with subcontractor

Place and date:

Bidder:

Seal and signature

INFORMATION ABOUT SUBCONTRACTOR

In public procurement procedure no. JN-01/08

NAME OF SUBCONTRACTOR:

ADDRESS OF SUBCONTRACTOR:

CONTACT PERSON:

CONTACT PERSON'S E-MAIL ADDRESS:

TELEPHONE NUMBER:

FAX NUMBER:

PERSONAL IDENTIFICATION NUMBER OF
SUBCONTRACTOR:

SUBCONTRACTOR'S TAX NUMBER:

ACCOUNT NUMBER / BANK:

THE WORK TO BE ASSIGNED TO
SUBCONTRACTOR:

NOTICE: In the event of more than one subcontractor, this form is to be copied and completed for each subcontractor.

Place and date

Bidder:

Seal and signature

**FORM OF BIDDER'S STATEMENT OF ACCEPTING REQUIREMENTS
FROM THE PUBLIC INVITATION AND QUALIFICATION DOCUMENTS**

STATEMENT

As the authorized representative (in the event of consortium: including all consortium members) I hereby declare that we are aware of all requirements and conditions in the first stage of the restricted procedure of public procurement for consulting services for the privatization advisor, strategy draft and rendering of consulting services in the process of initial and secondary public offer of shares for the Company «Telekom Srbija» a.d. Belgrade no. JN-01/08, stated in the Public invitation published in the «Official Gazette RS» no.44/2008 dated April 24th, 2008 and qualification documents, as well as of all amendments, supplements and additional clarifications which are the integral part of the qualification documents and that we accept them entirely and without any reserve.

I declare with full responsibility that all information contained in the application are true and I am aware that providing inaccurate and incomplete information may result in disqualification from this public procurement procedure and all future procurements of the Procuring Authority, as well as that this will be reported to the Public Procurement Administration of the Republic of Serbia and the Commission for protection of bidders' rights.

I am obliged to submit the required documents evidencing the veracity of information given in the application on request of the Procuring Authority's Commission within three days from the date of receipt of the request.

Place and date:

Bidder:

Seal and signature

I. LIST OF DOCUMENTS EVIDENCING OUR QUALIFICATION:

No.	Document	Document no.	Document date	Issued by	Enclosure no.	Number of pages in enclosure
1.	Excerpt from the court or other register as a proof of registration for performing relevant services					
2.	The document evidencing, that within two years prior to the Public invitation, a Bidder was not banned by a valid court or administrative act from performing activities which are the subject of the Contract.					
3.	Certificate of the relevant Tax Administration that all due taxes and contributions for the current year have been paid according to laws and regulations of the Republic of Serbia, or in accordance with regulations of the foreign country in the territory of which a Bidder has a registered office.					
4.	Income Statement for the previous three clearing years, certified by the authorized auditor.					
5.	Statements on relevant experience of the key staff					
6.	Short company profile (short information on the enterprise, max. 10 pages)					

Place and date:

Bidder:

Seal and signature

FORM OF PROCURING AUTHORITY'S CERTIFICATE

In accordance with Article 46, Paragraph 1, Clause 5 (a) of the Law on Public Procurement („Official Gazette RS" no. 39/2002, 43/2003, 55/2004 and 101/2005),

Procuring Authority: *(state name and address of the Procuring Authority)* issues

CERTIFICATE

evidencing that the Bidder:

_____ *(state name and address of the Bidder)*

rendered in last 5 years or is rendering to the stated Procuring Authority the following consulting services:

1. Short description of transaction:

2. Value of transaction:

The data for items 1 and 2 are to be stated for each contract separately, if several contracts were assigned in the stated period.

The certificate is issued at the request of the service renderer for the purpose of participation in the public procurement procedure and cannot be used for other purposes.

Contact person of the certificate's issuer:

Name

Phone number: _____

e-mail: _____

Place and date

Procuring Authority

Seal and signature

**INFORMATION ON BIDDER'S KEY STAFF
(Form)**

In accordance with the qualification documents and Public invitation for qualification of bidders in the first stage of the restricted procedure no. JN-01/08, published in the „Official Gazette RS” no. 44/2008 dated April 24th 2008, we are stating the data on bidder's key technical staff and other experts who will be responsible for the Contract execution and whose CV's are attached as the integral part of the application:

	Position in the team	Name	Name of the employer
1	• Expert in equity capital market		
2	• Telecommunications expert/investment banking		
3	• Legal expert in IPO transactions		
4	Expert in investment banking and/or Capital market and/or Privatization in Serbia		
5.	• Telecommunications equity research analyst		
<u>Bidder's other staff</u>			
1			
2			
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Bidder cannot amend the list of the proposed staff during the procedure of award of the Public Procurement Contract, as well as throughout the duration of the contract, without written consent of the Procuring Authority.

If it becomes necessary a Bidder may replace any of team members with the obligation to seek the approval from the Commission, inform the Procuring Authority, and seek from the Procuring Authority to reevaluate the qualification of a Bidder.

Place and date:

Bidder:
Seal and signature

D. TERMS OF REFERENCE OF THE PRIVATIZATION ADVISOR FOR «TELEKOM SRBIJA» A.D. BELGRADE (Detailed Terms of Reference will be provided with Request for Proposals)

1. BACKGROUND OF THE PROJECT

The Resolution 05 number 404-116/2008-001 of the Government of the Republic of Serbia adopted the Information on the requirement for conducting the procedure for awarding the Contract for public procurement of the consultancy services related to Initial Public Offerings of shares of certain public and state enterprises.

Pursuant to Art. 101, Para. 1 and Art. 72, Para. 1, Clause 2 of the Law on Public procurement (Official Gazette RS, no. 39/02, 43/03 – Law, 55/04 и 101/2005 – Law), the Privatization Agency made the Decision no. 12-308/08, dated April 23rd, 2008, on initiation of the Public procurement procedure for selection of privatization advisor for strategy draft and rendering of consulting services in the process of initial and secondary public offer of shares for the Company «Telekom Srbija» a.d. Belgrade.

1.1. Short Profile of the company «TELEKOM SRBIJA» A.D. BELGRADE

Enterprise for telecommunications «Telekom Srbija» a.d. with the registered office in Belgrade, 2 Takovska St., was founded as a Joint-stock company in June 1997.

Since 2003, «Telekom Srbija» a.d. has been in ownership of two shareholders: JP PTT saobraćaja «Srbija» and OTE from Greece.

JP PTT saobraćaja «Srbija», i.e. Republic of Serbia as a founder, kept a «golden share» according to which it has the right of veto on all strategic decisions of the Management Board.

Enterprise for telecommunications «Telekom Srbija» a.d. offers to users:

- all kinds of fixed telecommunication services;
- data transfer services, telematic services, services with added value, ISDN services, intelligent network services, fixed satellite services, fixed services for the use of DECT standard, Internet services, multimedial services;
- mobile telephone network services;
- maintenance and repair of telecommunication plants and network.

In addition to above mentioned, business operations of the «Telekom Srbija» comprise rendering of other services in the field of telecommunications.

The data on fixed network of the «Telekom Srbija» a.d. (Februar 2008)

- Total available installed subscribers' capacity – 3.209.087
- Total connected subscribers' capacity – 2.918.008
- Number of installed switches per 100 inhabitants – 42,80
- Total number of main telephone exchanges – 2.269
- Number of "Halo" telephone booths – 10.970
- Number of booth agents – 2.535
- Level of digitalization of fixed network - Installed subscribers' capacity – 94,13%

Private users (individuals), through their number, represent one of the most important segments of business operations of the company «Telekom Srbija». There are currently 2.300.000 private

users and their number is increased on a daily basis. The services rendered by the «Telekom Srbija» to private users satisfy a wide range of diverse telecommunication needs.

Data on networks for business users (February 2008)

- Number of installed switches ISDN (2B + D) – 102.991
- Number of connected users ISDN BRI (2B + D) – 79.709
- Number of installed switches ISDN PRI (30B + D) – 3.089
- Number of connected users ISDN PRI (30B + D) – 2.227
- Number of connected ADSL ports – 148.000
- Number of Frame Relay users (contracts) – 9.610

The company «Telekom Srbija» is a leading provider of telecommunication services to business users in the Republic of Serbia. The entire business operations are based on a modern network infrastructure, whose important part are optical fibres – basis of IP network and all other networks. Telecommunication infrastructure of the company «Telekom Srbija» is a basis of the entire telecommunication traffic, being financially acceptable and adjustable to requirements of users.

For the purpose of more simple and efficient communication and solving of users' requirements, «Telekom Srbija» divides business users according to their type and size in two basic groups, i.e. so-called «small and medium business users» (business categories SOHO – small office, home office and SME – small and medium enterprises) and «big business users» (key users).

Internet basis

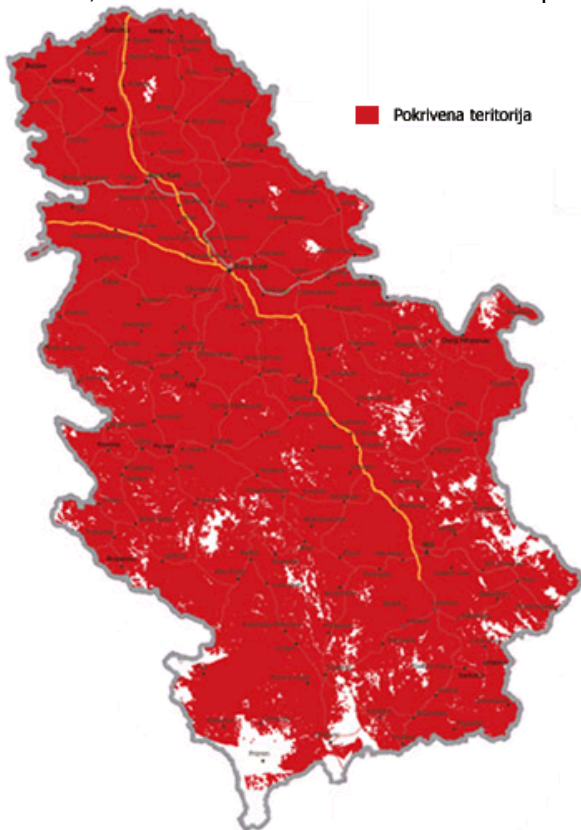
In order to provide domestic and foreign users with the access to global Internet, the Telekom Srbija leases Internet space abroad from several main providers: Sprint, Level3, Global Crossing, Telia Sonera, Verizon, Seabone, Deutsche Telekom, Tiscali, Interroute. With the superior quality, high level of availability and reliability, «Telekom Srbija» is nowadays, in the field of Internet services, the absolute regional leader and sells its services to 91 Internet service providers in Serbia and to 12 Internet service providers in the region.

Mobile telephone network

When the Mobilna telefonija Srbije was founded, there was already one mobile operator on the market. For a short period of time the Telekom Srbija won the position of the biggest national operator and for share of 62% in total services of mobile telephone network in Serbia.

In december 2006 the Mobilna telefonija Srbije was the first in Serbia to put into commercial action the 3G network with the newest HSDPA technology. There are 5.477.249 users of mobile

network, out of which 19 % are post-paid users, with 1.412 base stations.



More details on the company can be found on the website www.telekom.yu

1.2. Objectives of the Advisor's Terms of reference

The entire objective of this assignment is draft and implementation of the strategy of the initial and secondary public offer of the Company's shares.

The goals of the GoS in the implementation procedure of the initial and secondary public offer are:

1. a need of strong and dynamic development of the capital market
2. ownership transfer over the Company to Serbian citizens, as well as to employees and previous employees of the Company and first class institutional investors
3. capital increase of the Company with the goal of providing investments
4. creating competitive surrounding in the field of telecommunications in addition to price decrease
5. Positive development in trading Company's shares and their price after the IPO (aftermarket)

All of this is to be conducted as a transparent process through communication with media, what would strengthen the belief in the publicity that the proposed transaction is in the very best interest of Serbian citizens.

In preparation of the strategy of initial and secondary public offer of shares the Advosor will take into consideration the following:

Fast development of telecommunications and information-communication technologies in the today's world, which has already entered the era of digital division, has a strategic character and multiple importance in political, economic, social and information fields. In these circumstances, articulation of strategic goals of the telecommunications development for transitional countries, such as Republic of Serbia, is of special state interest with numerous impacts, above all in the field of economic recovery and growth.

Having in mind the complexity of the Company, the Terms of reference comprise a detailed elaboration of all aspects in each of planned tasks within the project.

1.3 Description of Terms of reference

1) Transaction Structure

- Identify and pursue privatization structure that satisfies the objectives of the Government, Telekom Srbija, management and employees, and investing public:
 - ✓ Providing support of minority shareholder for Transaction
 - ✓ Listing venue(s)
 - ✓ Sizing
 - ✓ Investor targeting and demand
 - ✓ Retail Serbian Offering Strategy
 - ✓ Structure: indexation, free float requirements, primary/secondary split.
 - ✓ Aftermarket support including "greenshoe" option
 - ✓ Potential syndicate structure
 - ✓ Issuance of «free shares» and pricing and trading of Company's shares after the transaction (aftermarket).
- Pricing/Allocation
- Corporate Governance
 - ✓ Government
 - ✓ OTE Shareholdings
- Regulation/Legal Aspects
- Valuation
- Positioning of «Investment Story»

2) Process

- Pre-IPO Preparation
 - ✓ Intensive discussion with relevant Government ministries, minority shareholder and Telekom Srbija on key aspects of IPO planning (if necessary)
 - ✓ Setting the expectations and delivering on effective project management
 - ✓ Historical Financial Statement and review of business plan
 - ✓ Assessment of optimal capital structure, dividend policy and financing requirements

- ✓ Structure and regulatory basis of transaction
 - ✓ Ensuring the transparency throughout the process
 - ✓ Dialogue with relevant financial regulator(s)
 - ✓ Formation of key working groups, and selection of external advisers in addition to the bookrunners, if it is not part of bookrunner's proposal
 - ✓ Structure and planning of transaction with the aim to maximize benefits and minimize risks in connection with free share distribution to Serbian citizens, employees and former employees
- Due diligence, prospectus drafting, documentation and regulations
 - ✓ Business and financial Due diligence, and each dd report
 - ✓ Legal Due diligence and documentation
 - ✓ Prospectus and other documentation
 - ✓ Regulatory approval and listing
- Equity story, valuation and corporate finance
 - ✓ Equity story
 - ✓ Analyst presentation
 - ✓ Roadshow and presentation
 - ✓ Valuation, capital structure, dividends, and strategic analysis
- Marketing and placing
 - ✓ Offer structure and syndicate
 - ✓ Research publication
 - ✓ International and retail marketing
 - ✓ Pricing and allocation, and stabilization
- Trading and After-Market (Life Post IPO)
 - ✓ Business evaluation based on performance in the eyes of new set of shareholders and analyst expectation
 - ✓ Continuous effort to communicating story to investors and other market participants
 - ✓ Aftermarket activities and monitoring pricing in the period of at least one year after the IPO

3) Role and Responsibilities of Bookrunners

- Project coordination of offering
- Participation in all Working Group committees
- Transaction structure
- Coordination of due diligence
- Coordination of each stock exchange
- Valuation
- Coordination / Preparation of roadshow (including roadshow presentation), and analyst presentation
- Marketing campaign and PR coordination
- Syndicate management, pricing, trading, settlement and stabilization
- Underwriting and other relevant legal agreements
- Assisting Company's management in preparation of adequate business plan

4) Structure and Responsibilities of Other Core Team

- Company Management
 - ✓ Prospectus (legal) and due diligence
 - ✓ Corporate actions
 - ✓ Business plan
 - ✓ Communication strategy/investor relations/roadshow

- Company's Counsel
 - ✓ Support to corporate and regulatory actions
 - ✓ Prospectus (drafting) and due diligence
 - ✓ Review underwriting and other relevant legal agreements
 - ✓ Verification of roadshow and marketing materials
 - ✓ Publicity guidelines
 - ✓ Legal opinions
 - ✓ Coordination with stock exchange(s)

- Underwriters' Counsel
 - ✓ Review of and contribution to prospectus, and due diligence
 - ✓ Underwriting Agreement and other relevant legal agreements
 - ✓ Research guidelines/review and input into publicity guidelines
 - ✓ Legal opinions

- Auditors
 - ✓ Audit of historical financials/review of interim financials (if required), and preparation of financial statements, MD&A
 - ✓ Financial due diligence and contribution to and review of financial disclosure
 - ✓ General advisory to the parties on accounting and disclosure issues, and reports on tax and financial reporting systems
 - ✓ Comfort letter (as required)

1.4 Qualification requirements

Having been acquainted with the size of the company and its key role for Serbian economy, the Advisor shall have to be consisted of reputable international companies, led by an investment bank with significant international experience in the wide range of privatization projects, initial and secondary public offering, similar transaction on capital markets, with special emphases on telecommunication sector, and transaction with incumbent operators on certain markets.

It is necessary the key technical staff to be consisted of:

- Expert in equity capital market,
- Telecommunications expert (Investment banking)
- Legal expert in IPO transactions,
- Expert in investment banking and/or capital market and/or privatization in Serbia
- Telecommunications equity research analyst

The team shall have to take into consideration the following:

- a) The work shall require a permanent presence in the Republic of Serbia. If the Advisor is not present in Serbia, it will be required the establishing of local representative office.
- b) The presence of experts with sufficient knowledge of local laws in the team is desirable, as well as experts with comprehensive knowledge of the best international practice in transactions of this kind.
- c) It is desirable that a part of the proposed staff has a certain knowledge of Serbian.
- d) Experienced experts should provide high quality results and should be in a position to participate in presentations and key meetings with the GoS. Presentations and meetings will be mainly held in the premises of the GoS.
- e) Experience in successful implementations in the most important transactions of this kind in CEE and/or CIS, which is comparable (similar) with this assignment.
- f) Investment bank will be responsible for coordination of proposed subcontractors and their team, for their work and their remunerations.

1.5 TIME AND DURATION

The assignment is planned to start immediately following the signing of the contract with the best bidder. Privatization strategy draft is expected within three months following the beginning date of the project. The assignment is planned to be completed within 18 months from the beginning date.

Conflict of interests

The Advisor is obliged to submit his opinion on every possible conflict of interests which appears in other assignments and conflict engagement in other assignments.

1.6 Confidentiality

After receipt of the Request for submission of offers (hereinafter: "RSO"), the Advisor agrees to keep entirely confident all information obtained, directly or indirectly by the PA or the Company, as well as copies of analyses which he has made, or which have been made by third parties based on that information (hereinafter "Material"). He shall use Material solely for the purpose of preparation of technical and financial offer for participation in this assignment. The obligation on confidentiality shall not be applied to information of the common interest.

The Advisor shall allow access to Material to persons within his organization and Consortium if necessary. He will explicitly inform those persons about confidential nature of the Material and, prior to giving Material, he will inform them on confidentiality obligations contained in this declaration. The Advisor, his subcontractors and employees in each of them will be required not to make public any ownership or confidential information referring to the Project, Service or Company's operations without previous approval of the GoS throughout the duration of the assignment or within two years following the completion of the assignment.

The Advisor confirms that, for the purpose of preparation of financial and technical proposal, no warranty regarding accuracy or completeness of the provided Material shall be required either from the Company or from the PA.