

Zagreb, 7 April 2014

## T-Hrvatski Telekom

### **Agency conditionally allows concentration with Optima Telekom; further activities required before acquisition of control**

T-Hrvatski Telekom (Reuters: THTC.L, HT.ZA; Bloomberg: THTC LI, HTRA CZ), Croatia's leading telecommunications provider, announces that it has received the resolution of the Croatian Competition Agency ("Agency" or "AZTN"), whereby the concentration of T-HT with Optima Telekom ("Optima" or "OT"), based on the proposal of financial and operational restructuring of Optima within the pre-bankruptcy settlement procedure, is deemed to be conditionally allowed, on condition of acceptance of measures for the removal of negative impacts arising from this concentration.

On 28 June, 2013, T-HT submitted to AZTN a request for approval of the concentration with OT. This request was based on a proposal for the financial and operational restructuring of OT as part of OT's pre-bankruptcy settlement procedure. The proposal for financial and operational restructuring anticipates that, along with other creditors, the two largest creditors of OT - Zagrebačka banka d.d. and T-HT - shall convert their claims into Optima's share capital. In compliance with that plan, Zagrebačka banka d.d. and T-HT concluded a contract regulating their relationship with respect to OT after the implementation of OT's pre-bankruptcy settlement in such a way that Zagrebačka banka, as largest OT shareholder, will transfer its management rights arising from its shares to T-HT, the second largest OT shareholder, which will grant T-HT management and control over OT.

AZTN has determined a set of measures defining the rules of conduct for T-HT with regard to management and control over OT. The duration of the concentration of T-HT and Optima shall be limited to a period of four years, starting from T-HT's acquisition of control over OT. Upon expiry of the third year of the concentration, T-HT shall initiate a sales procedure for all its shares in OT, wherein it shall also have the right to sell OT shares held by Zagrebačka banka. After the expiry of the four-year concentration period, the contract between Zagrebačka banka and T-HT will end, as will T-HT's control over Optima. T-HT shall upon expiry of the concentration transfer its management rights arising from its shares in OT to Zagrebačka banka or a third party which is not related to T-HT and shall authorise Zagrebačka banka to sell all T-HT's shares in Optima.

The procedure for the acquisition of management and control over OT by T-HT has not been completed with today's resolution of the Agency. Namely, this procedure also includes the conclusion of the pre-bankruptcy settlement and its confirmation by the competent Commercial Court in Zagreb. Moreover, the General Assembly of OT will need to adopt a decision on the issuance of new shares, as well as other decisions in accordance with conditions of the pre-bankruptcy settlement.

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**About T-Hrvatski Telekom** (Reuters: THTC.L, HT.ZA; Bloomberg: THTC LI, HTRA CZ)

T-Hrvatski Telekom (T-HT) is the leading provider of telecommunication services in Croatia, serving more than 1.2 million fixed lines, 2.3 million mobile subscribers, and 628,000 broadband connections through its Residential and Business divisions.

Since its initial public offering in October 2007, T-HT shares have traded on the Zagreb Stock Exchange, with global depositary receipts trading on the London Stock Exchange. CMobil B.V. (company 100% owned by Deutsche Telekom AG) owns 51% of T-HT's shares, with the War Veterans' Fund owning 7%, and the Restructuring and Sale Center 3.5%. The remaining free float is in the hands of private and institutional investors.