

Zagreb – 23 May 2008

T-Hrvatski Telekom

Offering of shares to present and former employees

Following the 17 March announcement pertaining to the 7% of T-Hrvatski Telekom (T-HT) earmarked by the Government of Croatia for sale to present and former employees of THT, the Company today announces the Government's confirmation as to the terms and method of purchase, as well as defining the conditions for lock-up periods applicable to present and former employees who take up all or part of their allocated shareholding.

The Government has decided that past and present T-Mobile employees will be eligible to subscribe for shares, in addition to present and former employees of the Company and Hrvatske pošte d.d. and former employees of Public Enterprise for Postal and Telecommunications Traffic HPT – Croatian Post and Telecommunications.

Price and discounts

Each share will be priced at a HRK 265, the same price as shares offered in the Initial Public Offering in October 2007, with an initial discount of 5% for all subscribers. An additional discount of 1% will be offered for every full year of service.

There will be no maximum number of shares for which employees can subscribe, and in the event of over subscription, each applicant will be guaranteed a minimum allocation of 135 shares.

Furthermore, years of service will determine the minimum period for which shares purchased in the subscription must be held (the lock-in terms), as detailed in the table below.

Years of service	Minimum period for which shares must be held
Less than 10 years	12 months
10-20 years	10 months
20-30 years	8 months
More than 30 years	6 months

Those subscribers who have confirmed their eligibility are invited to apply from 27 May and have 21 calendar days to complete their application. The shares will be issued within 14 working days of the closing date.

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About T-Hrvatski Telekom

T-Hrvatski Telekom is the leading provider of telecommunication services in Croatia. Through its two business units, T-Com and T-Mobile, the Group provides fixed telephony, mobile telephony, wholesale, internet and data services. Iskon Internet d.d., one of the leading alternative telecommunication providers in Croatia, was acquired by and became a member of T-HT Group in 2006. The majority shareholder of T-HT is Deutsche Telekom AG with 51% of T-HT's shares. The Government of the Republic of Croatia holds 9.5% of T-HT's shares (7% of which are earmarked for former and present employees and were transferred to the custodian account with Raiffeisenbank Austria d.d., Zagreb), while the Croatian War Veteran's Fund holds 7% of shares. The remainder, 32.5% is held by institutional and retail investors. The Company completed the listing of its shares on the Zagreb Stock Exchange and global depository receipts on the London Stock Exchange on 5 October 2007.



Background detail about the 7% sale

The Law on the Privatization of Hrvatske telekomunikacije d.d. (the Company) dating from 1999 and its subsequent amendments of 2001, which regulates the framework for privatization of the Company, provides for the sale of 7% of shares to present and former employees of the Company and Hrvatske pošte d.d. and former employees of Public Enterprise for Postal and Telecommunications Traffic HPT – Croatian Post and Telecommunications. Through the sale of 7% of shares, The Government of the Republic of Croatia would decrease its ownership stake in the Company to 2.5%.

Pursuant to this Law, the Government of the Republic of Croatia passed a corresponding decision (Decision) in November 2007 through which the basic terms governing the sale of shares were defined.

On 17 March, the company subsequently invited former employees to check their eligibility to purchase shares at preferential terms by 30 March.