



SEAF MACEDONIA SELLS SHARE IN ON.NET TO SLOVENIAN TELECOM

Skopje, March 20th, 2006

SEAF announces the sale of SEAF Macedonia's shares in ON.net to Slovenian Telecom. Under the agreement which was signed in Skopje on March 20, 2006, Slovenian Telecom acquired the majority stake in the Macedonian internet provider, On.Net, from SEAF-Macedonia. The signing marked the end to several months of negotiations, the main purpose of which was to provide On.net with a strategic partner who would facilitate the company's future growth.

With this agreement, an important foreign investment in Macedonia's telecommunications sector, which is considered to be the driver of 21st century development, is being realized. This investment by Slovenian Telecom is a first step towards an even faster liberalization of the telecommunications market in Macedonia.

"Today, we hand over our stake in On.net to a well-known foreign investor, which has great experience and knowledge and will enable an even faster development of the company. It will certainly improve the competition, not only in the Internet service sector, but in the telecommunications services sector as a whole. Without any doubts, On.net customers will have the largest benefit from this foreign investment, because they will receive even more attractive service offers," said Vladimir Pesevski, Director General of SEAF-Macedonia.

Mr. Pesevski stated that this transaction further confirms the contribution of investment funds like SEAF to the growth and development of the local economy, as well as to the process of attracting additional foreign investments. "Six years ago, we invested in a small team with a vision for an innovative business, which at that time was a relatively new idea in Macedonia. During this time, we succeeded in overcoming many obstacles, including the monopolistic, administrative, and market barriers, because of which, Macedonia still has a very low Internet penetration. Throughout that process, we have established On.net as a leader in implementation of new technologies and innovations, which helped Macedonia become the first fully wireless internet service covered country in the world. The main credit for this development goes to the management team and On.net employees, with whom SEAF has worked closely throughout this partnership. For SEAF, the most important accomplishment is that once again, we have managed to bring a large foreign strategic investor into one of our portfolio companies."

SEAF is a global investment firm focused on providing growth capital and operational support to businesses in emerging markets and those underserved by traditional sources of capital. SEAF selectively makes structured debt and equity investments in locally owned enterprises with high growth potential. Investors and financial backers of the SEAF Macedonia Fund include the International Finance Corporation (IFC), the European Bank for Reconstruction and Development (EBRD), the Deutsche Investitions-und Entwicklungsgesellschaft (DEG) and the United States Agency for International Development.

Based in Washington D.C., SEAF (www.seaf.com) invests in more than 20 countries around the world through an international network of 15 offices in Central and Eastern Europe, Latin America, and Asia. Investors include a cross section of public and private institutions, including several of the international finance institutions, local pension funds, insurance companies, banks and family offices.

For more information about SEAF Macedonia and its activities please visit our website www.seaf.com.mk or contact us at: (+389 2) 3079-611.