



INVITATION TO THE GENERAL ASSEMBLY OF HRVATSKI TELEKOM d.d.

Pursuant to the provisions of Article 277, Paragraph 2 of the Companies Act, the Management Board of the Joint Stock Company Hrvatski Telekom, with the registered seat in Zagreb, Roberta Frangeša Mihanovića 9 (hereinafter: HT d.d. or "the Company"), passed on 29 February 2016 the decision on the convocation of the General Assembly of the Company and hereby invites the shareholders of the Company to the

**GENERAL ASSEMBLY
of Hrvatski Telekom d.d.
to be held in Sky Office, Zagreb, Roberta Frangeša Mihanovića 9, on 21 April 2016 at 10:00 hours**

with the following agenda:

1. Election of the Chairman of the General Assembly;
2. Annual financial statements of the Company and consolidated annual financial statements of HT Group for the business year 2015, including the Annual Report on the Status and Business Operations of the Company and HT Group for the business year 2015 and the Supervisory Board's Report on the Performed Supervision of Business Operations Management of the Company in the business year 2015;
3. Decision on the utilization of profit;
4. Decision on Amendments to Articles 35 and 39 of the Articles of Association of the Company;
5. Decision on approval of actions of the Members of the Management Board of the Company for the business year 2015;
6. Decision on approval of actions of the Members of the Supervisory Board of the Company for the business year 2015;
7. Decision on giving authority to the Management Board for acquisition of the Company's shares;
8. Decision on election of five members of the Supervisory Board;
9. Decision on appointment of the auditor of the Company

Proposals of decisions of the General Assembly:

Ad 1. The Management Board and the Supervisory Board of the Company propose to the General Assembly to adopt the following decision:

"Prof. dr. sc. Zoran Parać is elected as the Chairman of the General Assembly for this convocation".

Ad 3. The Management Board and the Supervisory Board of the Company propose to the General Assembly to adopt the following decision:

"Decision on utilization of profit for the year 2015"

1. *It is determined that Hrvatski Telekom d.d. in the business year ending with 31 December 2015 realized net profit in the amount of HRK 893,483,740.25.
Net profit amount stated herein shall be used accordingly:*
 - *A part of net profit in the amount of HRK 491,307,624.00 shall be paid out as dividend to shareholders, in the amount of HRK 6.00 per share.*
 - *A part of net profit in the amount of HRK 47,000,000.00 shall be allocated to legal reserves.*
 - *A part of net profit in the amount of HRK 355,176,116.25 shall be allocated to retained earnings.*
2. *Dividend referred to under Item 1 hereof shall be paid out to all shareholders that are registered as shareholders at the Central Depository & Clearing Company (SKDD) on May 4th, 2016 (record date). Date on which security of Hrvatski Telekom d.d. will be traded without dividend payment right is May 3rd, 2016 (ex date). Dividend payment claim matures on May 16th, 2016 (payment date).*
3. *This Decision shall enter into effect as at the day of its passing".*

Ad 4. The Management Board and the Supervisory Board of the Company propose to the General Assembly to adopt the following decision:

“Decision on Amendments to Articles 35 and 39 of the Articles of Association of the Joint Stock Company Hrvatski Telekom

Article 1

Article 35 of Articles of Association of Hrvatski Telekom d.d. is hereby amended and now reads as follows:

“When it is determined by law that the information and announcements of the Company are to be published, they shall be published on the web pages of the court register, and other announcements shall be published in the Company’s gazette.”

Article 2

Article 39 of Articles of Association of Hrvatski Telekom d.d. is hereby amended and now reads as follows:

“By coming into force of these Articles of Association, the Articles of Association of the Company in the form as adopted on December 7, 1998, with Amendments as of October 5, 1999, October 24, 2001, June 28, 2002, December 17, 2004, April 23, 2007, April 21, 2008, April 21, 2010, May 4, 2011, June 17, 2013, April 29, 2014 and April 29, 2015 shall cease to be valid”.

Article 3

This Decision on Amendments to the Articles of Association shall come into force and apply as of the date of entry in the Court Register.

Article 4

The Supervisory Board shall be authorized to specify the clean text of the Articles of Association in accordance with this Decision on Amendments to the Articles of Association”.

Ad 5. The Management Board and the Supervisory Board of the Company propose to the General Assembly to adopt the following decision:

“The approval of actions is given to the Members of the Management Board of the Company for the business year 2015”.

Ad 6. The Management Board and the Supervisory Board of the Company propose to the General Assembly to adopt the following decision:

“The approval of actions is given to the Members of the Supervisory Board of the Company for the business year 2015”.

Ad 7. The Management Board and the Supervisory Board of the Company propose to the General Assembly to adopt the following decision:

“Decision on granting authority to the Management Board of the Company for acquisition of Company shares

The Management Board of Hrvatski Telekom d.d. is herewith given the authority to acquire Company’s shares, for the account of the Company, under the following terms and conditions:

- *The Management Board may acquire Company’s shares in the maximal amount which, including already acquired shares, may not exceed 10% (ten percent) of the share capital of the Company.*
- *In the process of acquiring and managing of Company’s shares the Management Board is empowered not to comply with the provisions of Article 211 and Article 308 paragraph 2 and 4 of the Companies Act.*
- *The Management Board of the Company is authorized to act in accordance with the Article 352 paragraph 3 item 3 of the Companies Act and withdraw the shares without nominal value without the share capital of the Company being decreased in which case the remaining shares’ participation in the share capital is increased, and the Management Board is authorized to align the information on the number of shares in the Articles of Association of the Company.*
- *The Management Board is empowered to withdraw acquired Company’s shares without nominal value and decrease the share capital of the Company.*
- *The maximum price at which Company’s shares might be purchased shall not exceed 10% respectively shall not be below 10% of the average market price per share realized during the last trading day preceding the purchase.*
- *This authority shall be valid for 5 years as of the day of the passing of this Decision.*

This Decision shall enter into effect as at the day of its passing, and shall be applied within the term of authority given by this Decision”.

Ad 8. The Supervisory Board of the Company proposes to the General Assembly to pass the following decisions:

1. *“Mr. Mark Klein, degrees in engineering and in business administration, from Duesseldorf, Federal Republic of Germany, is elected Member of the Supervisory Board of Hrvatski Telekom d.d. for another term of office for the period of four (4) years, after the expiry of his current term of office, i.e., as of 25th April 2016”.*
2. *“Mr. Ivica Mišetić, Ph.D. in Economics, from Zagreb, is elected Member of the Supervisory Board of Hrvatski Telekom d.d. for another term of office for the period of four (4) years, after the expiry of his current term of office, i.e., as of 25th April 2016”.*
3. *“Mr. Oliver Knipping, Ph.D. in Economics, from Bonn, Federal Republic of Germany, is elected Member of the Supervisory Board of Hrvatski Telekom d.d. for another term of office for the period of four (4) years, after the expiry of his current term of office, i.e., as of 25th April 2016”.*
4. *“Mr. Damir Grbavac, masters degree in economy, from Samobor, is elected Member of the Supervisory Board of Hrvatski Telekom d.d. for another term of office for the period of four (4) years, after the expiry of his current term of office, i.e., as of 25th April 2016”.*
5. *Ms. Evelyn Jacobs, degree in business administration, from Bonn, Federal Republic of Germany, is elected Member of the Supervisory Board of Hrvatski Telekom d.d. for the period of four (4) years. This decision shall come into effect on the day of its passing”.*

Ad 9. The Supervisory Board of the Company proposes to the General Assembly to pass the following decision:

“The company PricewaterhouseCoopers d.o.o., Ulica kneza Ljudevita Posavskog 31, 10000 Zagreb, is appointed as the auditor of the Company for the business year 2016”.

Explanation of proposals of General Assembly decisions:

Ad 1. Explanation of the proposal for election of the Chairman of the General Assembly

Prof. dr. sc. Zoran Parać is one of the leading corporate law experts in the Republic of Croatia, and he was elected as Chairman of the General Assemblies of the Company in the previous eight years, which were held without disturbances, efficiently and in accordance with the legal provisions. It is therefore proposed that he is elected again as Chairman of the Assembly.

Ad 2. Annual financial statements of the Company and consolidated annual financial statements of HT Group for the business year 2015, including the Annual Report on the Status and Business Operations of the Company and HT Group for the business year 2015 and the Supervisory Board's Report on the Performed Supervision of Business Operations Management of the Company in the business year 2015

Pursuant to the obligation from Article 280a, paragraph 1, item 2 of the Companies Act, HT d.d. informs its shareholders that, pursuant to Article 300d of the Companies Act, the annual financial statements of the Company and consolidated annual financial statements of HT Group for the business year 2015 are adopted both by the Management Board and the Supervisory Board, and, therefore, the General Assembly does not pass a decision thereon. The said financial statements are to be forwarded to the General Assembly together with the Annual Report of the Management Board on the Status and Business Operations of the Company and HT Group for the business year 2015 and the Supervisory Board's Report on the Performed Supervision of Business Operations Management of the Company in the business year 2015.

The General Assembly does not pass any decisions under this agenda item.

Ad 3. Explanation of the proposal of decision on the utilization of profit

The Management Board and the Supervisory Board propose to the General Assembly to pass the decision by which a part of the net profit will be distributed to shareholders as dividend payment, in the amount of HRK 491,307,624.00, or HRK 6.00 per share, a part of the net profit in the amount of HRK 47,000,000.00 is to be allocated to legal reserves, and the remainder of net profit in the amount of HRK 355,176,116.25 is to be allocated to retained earnings.

Ad 4. Explanation of the proposal of Amendments to Articles 35 and 39 of the Articles of Association of the Company

Amended Article 174, Paragraph 1, of the Companies Act (“Official Gazette” No. 110/15) proscribes that when it is required by law or by the Articles of Association that the information and announcements of the Company are to be published, they shall be published on the web pages of the court register. Thereby, the obligation of publication in the “Official Gazette” of the Republic of Croatia was replaced by the obligation of publication on the web pages of the court register, as an equally transparent and timely means of publication.

The Articles of Association of the Company state that when it is determined by law that the information and announcements of the Company are to be published, they shall be published in the Official Gazette of the Republic of Croatia, and other announcements shall be published in the Company's gazette. Therefore, the Management Board and the Supervisory Board propose to the General Assembly to pass the decision on amendments to Article 35 of the Articles of Association, as stated in the text of the decision proposal, with the purpose of adjustment with the above described provision of the Companies Act.

Ad 5. Explanation of the proposal of decision on approval of actions of the Members of the Management Board of the Company for the business year 2015

Pursuant to Article 280, paragraph 3 of the Companies Act, the Management Board and the Supervisory Board propose to the General Assembly to pass the decision by which approval of actions is given to the Members of the Management Board of the Company for the business year 2015. Voting on the approval of actions may be conducted separately for each member of the Management Board if the Assembly decides so, or upon the request of the shareholders holding at least a tenth part of the share capital of the Company.

Ad 6. Explanation of the proposal of decision on approval of actions of the Members of the Supervisory Board of the Company for the business year 2015

Pursuant to Article 280, paragraph 3 of the Companies Act, the Management Board and the Supervisory Board propose to the General Assembly to pass the decision by which approval of actions is given to the Members of the Supervisory Board of the Company for the business year 2015. Voting on the approval of actions may be conducted separately for each member of the Supervisory Board if the Assembly decides so, or upon the request of the shareholders holding at least a tenth part of the share capital of the Company.

Ad 7. Explanation of the proposal of decision on giving authority to the Management Board for acquisition of the Company's shares

It is proposed to renew the authority to the Management Board of Hrvatski Telekom d.d. to acquire Company's (treasury) shares, for the account of the Company. The authority, granted by the Assembly decision from 2011, and amended by the Assembly decision from 2014, expires on 4th May 2016. The Management Board and the Supervisory Board propose to the General Assembly to pass the new decision, that is, to extend this authority to the Management Board in the same scope, for the next 5 years period.

Such authority to the Management Board is deemed to be legitimate for protection of the Company's integrity, the shareholders' interests and for the benefit of the Company, as purchases of the Company's shares would be effected only in situations in which the Management Board would assess, with care and due diligence, to be in the best interest of the Company and the shareholders.

Ad 8. Explanation of the proposal for election of five Members of the Supervisory Board

The terms of office of Supervisory Board Members, Mr. Mark Klein, Mr. Ivica Mišetić, Ph.D., Dr. Oliver Knipping and Mr. Damir Grbavac are to expire on 25th April 2016.

Member of the Supervisory Board, Mr. Mark Nierwetberg, submitted his resignation with effect as of the closing of the 1st ordinary General Assembly in 2016.

Pursuant to Article 280, paragraph 3 of the Companies Act, the Supervisory Board proposes to the General Assembly that Mr. Mark Klein, Mr. Ivica Mišetić, Ph.D., Dr. Oliver Knipping and Mr. Damir Grbavac are re-elected as Members of the Supervisory Board of Hrvatski Telekom d.d., following the expiry of their current terms of office, and that Ms. Evelyn Jacobs is elected as the new Member of the Supervisory Board of Hrvatski Telekom d.d., with the commencement of the term of office as of the closing of the 1st ordinary General Assembly in 2016, that is, as of 21st April 2016.

Mr. Mark Klein is Chairman of the Board of Directors of T-Mobile Czech Republic a.s.

Mr. Ivica Mišetić, Ph.D., holds no membership in the Supervisory Boards and/or Boards of Directors of other companies.

Dr. Oliver Knipping is Member of the Supervisory Board of Hrvatske telekomunikacije d.d. Mostar.

Mr. Damir Grbavac is Chairman of the Supervisory Board of Questus nekretnine d.d. u likvidaciji.

Ms. Evelyn Jacobs holds no membership in the Supervisory Boards and/or Boards of Directors of other companies.

Ad 9. Explanation of the proposal for appointment of the auditor of the Company

Pursuant to Article 280, paragraph 3 of the Companies Act, the Supervisory Board proposes to the General Assembly to pass the decision by which the company PricewaterhouseCoopers d.o.o., Ulica kneza Ljudevita Posavskog 31, 10000 Zagreb, is appointed as the auditor of the Company for the business year 2016.

**INVITATION AND INSTRUCTIONS FOR SHAREHOLDERS
CONCERNING THEIR PARTICIPATION IN THE GENERAL ASSEMBLY**
(hereinafter – Instructions)

Invitation, time and venue of the General Assembly

1. The shareholders of HT d.d. are invited to participate in the work of the General Assembly to be held in Zagreb, in Sky Office, Roberta Frangeša Mihanovića 9, on 21 April 2016 at 10:00 hours.
2. The participants are invited to come to the General Assembly on 21 April 2016 at least one hour prior to its scheduled beginning for the purpose of timely registration of participants and in order for the Committee for Participant Registration to make a list of participants in the work of the General Assembly. When registering, the shareholders or their proxies or representatives have to submit to the Committee a valid identification document provided under law, while the proxies who are legal persons have to submit an excerpt from the court register or other appropriate register in which the legal person concerned is entered or other appropriate public document, if such a document was not submitted with the application for participation in the General Assembly. After they have registered, the participants may leave the General Assembly only after informing the Committee for Participant Registration until the conclusion of the General Assembly.

Participation and voting at the General Assembly

3. Each shareholder of the Company who has submitted to the Company, either personally or through their proxy or representative, an application for participation in written form and at the latest six days prior to the holding of the General Assembly, taking into account that the day the application reaches the Company is not included into that deadline, i.e. latest by 14 April 2016, has the right to participate in the General Assembly. A legal or natural person who is on the last day for application for participation in the General Assembly, i.e. on 14 April 2016, registered as a shareholder of the Company with the Central Depository & Clearing Company Inc., Zagreb, is considered a shareholder of the Company entitled to participate in the General Assembly.
4. The application shall have the following contents and attachments:

I. Application for shareholder – natural person

- Name and family name, residence, address, number of account opened with the Central Depository & Clearing Company Inc. and the total number of shares of the shareholder concerned

II. Application for shareholder – legal person

- Company name of the legal person, seat and address, personal identification number (OIB)
- Number of account opened with the Central Depository & Clearing Company Inc. and the total number of shares of the shareholder concerned
- An excerpt from the court register or from other register in which the legal person is entered or a copy of such document, a certified copy or other appropriate public document clearly showing that the application was signed by a person who is under law authorized to represent the legal person concerned shall be attached to the application

III. Application submitted by shareholder's proxy

a) Proxy – natural person:

- Name and family name, residence and address of the proxy
- List of shareholders the proxy is representing; for each shareholder – number of their account with the Central Depository & Clearing Company Inc. and the total number of shares of all represented shareholders
- All individual powers of authority on the recommended form shall be attached to the application

b) Proxy – legal person:

- Company name, seat and address and proxy's company personal identification number (OIB)
- List of shareholders the proxy is representing; for each shareholder – number of their account with the Central Depository & Clearing Company Inc. and the total number of shares of all represented shareholders
- Individual powers of authority given by shareholders in written form shall be attached to the application; if a shareholder is a legal person, the attachment shall contain an excerpt from the court register or other register in which the legal person is entered or a copy of such document, a certified copy or other public document clearly showing that the power of authority was signed by a person who is under law authorized to represent the legal person concerned.

5. As to minors and legally incapable or partially capable natural persons, the application shall be submitted by their statutory representative, who also represents them and who shall enclose to the application an original document or a copy or a certified copy thereof showing their status as a statutory representative.
6. The shareholders at the General Assembly may be represented by proxies on the basis of a valid written power of authority which is issued by the shareholder or which on behalf of a shareholder which is a legal person is issued by a person who is under law authorized to represent them.
7. The Company shall report the Invitation to the General Assembly to credit or financial institutions and to shareholder associations that voted on behalf of shareholders at the previous General Assembly, or if they asked for the Invitation to be reported to them, at the latest 21 days prior to holding of the General Assembly. This report shall state the possibility for shareholders to vote at the General Assembly by proxies and by shareholder associations.

8. The power of authority for the application for participation and/or voting at the General Assembly shall include name and family name or company, residence or seat and address of the giver of authority, number of account with the Central Depository & Clearing Company Inc., the total number of shares, name and family name or company, residence or seat and address of the proxy, signature of the giver of authority or statutory representative or representative under law, if the giver of authority is a legal person. It is recommended to use forms for the application for participation in the General Assembly and for the power of authority, which can be obtained at the seat of the Company and on the web site of the Company www.t.ht.hr.
9. The application for participation in the General Assembly and the power of authority, as well as any other attachment, shall be in the Croatian language; if they are in a foreign language, they shall be translated into Croatian by an authorized court interpreter.
10. The application for participation in the General Assembly shall be submitted directly to the Company at its seat in Zagreb, Roberta Frangeša Mihanovića 9, or sent to the Company by registered mail to the address: Hrvatski Telekom d.d., Roberta Frangeša Mihanovića 9, 10110 Zagreb.
11. The application for participation in the General Assembly shall be considered timely submitted if it is, in accordance with these Instructions, submitted or sent by mail to the Company by 24:00 hours on 14 April 2016, at the latest. The shareholders who have failed to apply for participation in the General Assembly correctly and in accordance with these Instructions or who have failed to attach to the application the documents provided under these Instructions shall not be entitled to participate in the General Assembly.
12. Pursuant to the Articles of Association of the Company, the General Assembly cannot pass valid decisions unless attended by the shareholders, in person or via proxy, representing more than half of the share capital of the Company (quorum). If the quorum will not be met, the General Assembly will be held at the same date with commencement at 18:00 hours, at the same venue, with the same agenda and will be able to pass valid decision notwithstanding to the amount of the capital represented. Given powers of authority are valid for this General Assembly as well.

Shareholder rights to ask questions, request amendments to the agenda, submit counterproposals and the right on information

13. The shareholders who intend to ask questions at the General Assembly regarding individual agenda items are hereby asked, for the purpose of an efficacious organization of the work of the General Assembly, to announce their intention in writing when submitting their application for participation in the General Assembly or during the registration of participants prior to the General Assembly at the latest and to indicate the agenda item which their question or proposal will refer to and the content of their question.
14. Shareholders who together hold a twentieth part of the share capital of the Company have the right to request, after the General Assembly is convened, that an additional item is included in the agenda and published, and while doing so, the new agenda item should be accompanied by an explanation or respective decision proposal. Shareholders deliver the requests to add new items to the agenda to the seat of the Company (Hrvatski Telekom d.d., Roberta Frangeša Mihanovića 9, 10110 Zagreb). In order for the amended agenda to be validly published according to the Companies Act, the request to add new items to the agenda has to be received by the Company at least 30 days prior to the day the General Assembly takes place, i.e., latest by 21 March 2016. This deadline does not include the day the request is received by the Company. In case the previously stated deadline is not observed the proposed additional items of the agenda would be considered as not validly published and no decision on them can be made at the General Assembly.
15. Shareholders have the right to submit counterproposals to the proposals submitted by the Management Board and/or Supervisory Board relating to the particular agenda item. Counterproposals, together with the names and surnames of shareholders, explanation and opinion by the Management Board if any, shall be reported to credit or financial institutions and to shareholder associations that voted on behalf of shareholders at the previous General Assembly and made available to shareholders on web pages of the Company (www.t.ht.hr), in case a shareholders submits his/her counterproposal to the seat of the Company (Hrvatski Telekom d.d., Roberta Frangeša Mihanovića 9, 10110 Zagreb), at least 14 days prior to the day the General Assembly takes place. The date counterproposal is received by the Company is not included in this 14 day deadline, which expires accordingly on 6 April 2016. In case the shareholder does not exercise this right, he shall still be entitled to make counterproposals at the General Assembly. The same applies to shareholders proposals regarding the election of the Supervisory Board Members or appointment of the auditor of the Company.
16. At the General Assembly, the Management Board is obliged to provide information about the Company operations to any shareholder at his/her request, in case this information is necessary to judge topics included on the agenda.
17. The materials for the General Assembly, when required so under the law, will be made available to the shareholders and for issuing of copies at the seat of the Company in Zagreb on every working day from the day on which the invitation to the General Assembly is published to the day of the General Assembly, from 10:00 to 14:00 hours. At the same date the materials for the General Assembly shall be published on web pages of the Company (www.t.ht.hr).

In Zagreb, 29 February 2016

Hrvatski Telekom d.d.

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