

## 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, Savska cesta 32 (hereinafter: HT d.d. or "the Company"), passed on 16 April 2013 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 the Congress Hall Hypo Expo XXI Centre, Zagreb, Slavonska avenija 6, on 17 June 2013 at 12:00 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 the T-HT Group for the business year 2012, including the Annual Report on the Status and Business Operations of the Company and the T-HT Group for the business year 2012 and the Supervisory Board's Report on the Performed Supervision of Business Operations Management of the Company in the business year 2012;
3. Decision on the utilization of profit;
4. Decision on approval of actions of the Members of the Management Board of the Company for the business year 2012;
5. Decision on approval of actions of the Members of the Supervisory Board of the Company for the business year 2012;
6. Decision on Amendments to Articles 5 and 39 of the Articles of Association of the Company;
7. Election of the Members of the Supervisory Board;
8. 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, Law Faculty Zagreb, 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:

1. *"It is determined that Hrvatski Telekom d.d. in the business year ended with 31 December 2012 realized net profit (after taxation) in the amount of HRK 1,680,044,488.02."*
2. *A part of net profit (after taxation) in the amount of HRK 1,679,533,852.85, or HRK 20.51 per share, shall be paid out as dividend."*
3. *A part of net profit (after taxation) in the amount of HRK 510,635.17 will be allocated to retained earnings."*
4. *Dividend will be paid out to all shareholders that are registered as shareholders at the Central Depository & Clearing Company (SKDD) on the day of the General Assembly on 17 June 2013. Claim matures on 8 July 2013."*

Ad 4. 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 2012."*

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 Supervisory Board of the Company for the business year 2012."*

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

*"Decision on Amendments to the Articles of Association of the Joint Stock Company Hrvatski Telekom"*

#### *Article 1*

*In Article 5, paragraph 1, new lines 38-61 shall be added, reading as follows:*

*- "production of electricity"*

- supply of electricity
- trade of electricity
- transmission of electricity
- distribution of electricity
- electricity market operations/organization
- production of heat energy
- distribution of heat energy
- supply of heat energy
- gas market operations/organization
- trade of gas
- supply of gas
- commercial agency services on a gas market
- representing others on a gas market
- distribution of gas
- procurement of gas
- calibration and maintenance of measurement devices
- production, design, and maintenance of systems for production of electricity from renewable sources
- execution of payment transactions, including transfers of funds to a payment account with the user's payment service provider or with another payment service provider:
  - execution of credit transfers, including standing orders
- execution of payment transactions where the funds are covered by a credit line for a payment service user:
  - execution of payment transactions through a payment card or a similar device
- money remittance
- accounting services
- preparation of food and provision of meal services
- preparation and serving of drinks and beverage."

#### *Article 2*

*In the clean text of the Articles of Association, Article 39 shall be amended to read 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 and May 4, 2011 shall cease to be valid."*

#### *Article 3*

*All other provisions of the Articles of Association shall remain unchanged.*

#### *Article 4*

*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 5*

*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 7.** The Supervisory Board of the Company proposes to the General Assembly the election of the Members of the Supervisory Board as follows:

1. *"Mr. Mark Nierwetberg, M.A. in International Relations, Mönchengladbach, 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."*
2. *"Mr. Elias Drakopoulos, Ph.D. in Electrical Engineering and Computer Science, Athens, Greece, 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 8.** The Supervisory Board of the Company proposes to the General Assembly to pass the following decision:

*"The company PricewaterhouseCoopers d.o.o., Alexander von Humboldtta 4, 10000 Zagreb, is appointed as the auditor of the Company for the business year 2013."*

## 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 five 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 the T-HT Group for the business year 2012, including the Annual Report on the Status and Business Operations of the Company and the T-HT Group for the business year 2012 and the Supervisory Board's Report on the Performed Supervision of Business Operations Management of the Company in the business year 2012**

Pursuant to the obligation from Article 280a, paragraph 1, item 2 of the Companies Act, HT 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 T-HT Group for the business year 2012 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 the T-HT Group for the business year 2012 and the Supervisory Board's Report on the Performed Supervision of Business Operations Management of the Company in the business year 2012.

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 1,679,533,852.85, or HRK 20.51 per share, and the remainder of the net profit in the amount of HRK 510,635.17 is to be allocated to retained earnings.

### **Ad 4. Explanation of the proposal of decision on approval of actions of the Members of the Management Board of the Company for the business year 2012**

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 2012. 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 5. Explanation of the proposal of decision on approval of actions of the Members of the Supervisory Board of the Company for the business year 2012**

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 2012. 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 6. Explanation of the proposal of Amendments to the Articles of Association of the Company**

The Management Board and the Supervisory Board propose to the General Assembly the Amendments to the Articles of Association of the Company due to the need for provision of the services related to energy, e-wallet, m-wallet and e-bill, accounting and catering:

#### **a. Amendment to the scope of activities of the Company – Article 5/1 of the Articles of Association – Energy Services**

Amendment to the scope of activities is necessary for the Company to execute two independent energy – related pilot projects, one related to offering retail electricity and gas, and the other, "*Project Green Operator*", related to installing photovoltaic solar panels on the rooftops of several buildings for the micro production of electricity.

#### **b. Amendment to the scope of activities of the Company – Article 5/1 of the Articles of Association – Electronic Money Institution Services**

In 2011 the Croatian National Bank (CNB) gave HT d.d. the approval for provision of services of mParking, mPrijevoz (payment of parking and public transportation services via mobile phone) and payment of telegraphs in domestic and international traffic on the account for electronic commutation services in fixed telephony, and the scope of activities of the Company was amended accordingly.

In order for the Company to start providing services of e-wallet (web-based solution for electronic account management) and m-wallet (mobile phone based solution for mobile payment) and to participate on the e-bill market, a subsequent CNB approval needs to be obtained, in compliance with the Electronic Money Act, and the scope of activities of the Company needs to be amended.

**c. Amendment to the scope of activities of the Company – Article 5/1 of the Articles of Association – Accounting Services**

Some of the new businesses HT d.d. plans or has already entered into, such as dealing with electronic money and payment system might require set up of separate legal entity and separate accounting. To be able to provide accounting services for those legal entities by existing accounting function in HT d.d., it is necessary to amend the scope of activities of the Company.

**d. Amendment to the scope of activities of the Company – Article 5/1 of the Articles of Association – Catering Services**

The main rationale for the registration of catering services (preparation of food and provision of meal services and preparation and serving of drinks and beverage) is to create an innovative way of direct interaction between consumers and to extend the existing consumer space in front of T Centers. In order for HT d.d. to be eligible to tender for, and sign a lease for the open space in front of T Centers with the city council, and use that space for branding and above mentioned consumer interaction purposes, it needs to be registered for the aforementioned business activities.

**Ad 7. Explanation of the proposal for election of the Members of the Supervisory Board**

Mr. Andreas Moelich has submitted his resignation from the positions of Chairman and Member of the Supervisory Board, with effect as of 31 August 2012. Mr. Oliver Morbach has submitted his resignation from the position of Member of the Supervisory Board with effect as of the closing of 1<sup>st</sup> ordinary General Assembly in 2013.

Pursuant to Article 280, paragraph 3 of the Companies Act, the Supervisory Board proposes to the General Assembly the election of the Members of the Supervisory Board as follows: Mr. Mark Nierwetberg and Mr. Elias Drakopoulos, Ph.D.

Mr. Mark Nierwetberg holds no membership of Supervisory Boards or Boards of Directors of other companies.

Mr. Elias Drakopoulos, Ph.D., is Member of the Supervisory Board of T-Mobile Austria GmbH, Member of the Supervisory Board of T-Mobile Austria Holding GmbH, Member of the Board of Directors of COSMOTE Mobile Telecommunications S.A. and Member of the Supervisory Board of Freemove Alliance.

**Ad 8. 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., Alexandera von Humboldta 4, 10000 Zagreb, is appointed as the auditor of the Company for the business year 2013.

***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 the Congress Hall Hypo Expo XXI Centre, Slavonska avenija 6, on 17 June 2013 at 12:00 hours.
2. The participants are invited to come to the General Assembly on 17 June 2013 at least two hours 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 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 10 June 2013, 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 10 June 2013, 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](http://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, Savska cesta 32, or sent to the Company by registered mail to the address: Hrvatski Telekom d.d., Savska cesta 32, 10000 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 10 June 2013, 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 a additional item is included in the agenda and published, and while doing so, the new agenda item should be accompanied by an explanation and respective decision proposal. Shareholders deliver the requests to add new items to the agenda to the seat of the Company (Hrvatski Telekom d.d., Savska cesta 32, 10000 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 17 May 2012. 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](http://www.t.ht.hr)), in case a shareholders submits his/her counterproposal to the seat of the Company (Hrvatski Telekom d.d., Savska cesta 32, 10000 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 2 June 2013. 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 issued 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 will be published on web pages of the Company ([www.t.ht.hr](http://www.t.ht.hr)).

Zagreb, 16 April 2013

Hrvatski Telekom d.d.

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