

Pursuant the Trading Company Act, Article 277, Para 2 and 3 and the Statutes of KONČAR – ELECTRICAL INDUSTRY Inc., Zagreb, Fallerovo šetalište 22, Article 33, and on the basis of the Managing Board Decision of 31st March, 2015 on convening of the AGM, we hereby announce convening of and invitation to the

ANNUAL GENERAL MEETING OF KONČAR – ELECTRICAL INDUSTRY Inc

To be held at the premises of KONČAR – ELECTRICAL INDUSTRY Inc., Fallerovo šetalište 22, Zagreb, Room 407-8, on the day of 21st May, 2015, beginning at 12:00 p.m. with the following

Agenda:

1. Opening of the Annual General Meeting and verification of present shareholders
2. Managing Board 2014 Annual Report on the position of the Company and dependent Companies
3. 2014 Financial Reports and 2014 KONČAR – ELECTRICAL INDUSTRY Inc. Consolidated Financial Report including the Auditor Report as determined by the Managing and the Supervisory Boards of the Company
4. Supervisory Board Report on supervision of management of business operations of the Company in 2014
5. Decision on payment of dividends
6. Decision on relieve of Managing and Supervisory Board members from duty
 - a) Decision on relive of Managing Board members from duty for the year 2014
 - b) Decision on relive of Supervisory Board members from duty for the year 2014
7. Decision on the remuneration for activities performed in the Supervisory Board
8. Decision on appointment of the Auditor for the year of 2015

General Annual Meeting Draft Decisions:

The Managing and the Supervisory Boards commonly propose to the Annual General Meeting to pass the decisions expressed under items 5, 6 and 7, while the Supervisory Board proposes passing of the decisions expressed under item 8.

The Annual General Meeting does not pass the decisions expressed under Items 2, 3 and 4, but it takes the notice of them.

Ad.2.

The AGM takes the notice of the Managing Board 2014 Annual Report on the position of the Company and the dependent Companies.

Ad.3.

The AGM takes the notice of the information on 2014 KONČAR – ELECTRICAL INDUSTRY Inc. Financial Reports and 2014 KONČAR GROUP Consolidated

Financial Reports as determined by the Managing and the Supervisory Boards including Auditor Reports on the performed audit of financial reports

In 2014 the Company generated the following amounts expressed in thousands of Croatian kunas (HRK):

- Total revenues	– in the amount of:	220,729
- Total expenditures	- in the amount of:	131,137
- Profit before taxation	- in the amount of:	89,592
- Income tax	- in the amount of:	0
- Net profits	- in the amount of:	89,592
- Total assets of the Company:		1,592,188
- Capital, reserves and unallocated profits:		1,543,618

In 2014 the Končar Group generated the following amounts expressed in thousands of Croatian kunas (HRK):

- Total consolidated revenues	– in the amount of:	2,947,698
- Total consolidated expenditures	- in the amount of:	2,771,616
- Profit before taxation	- in the amount of:	176,082
- Income tax	- in the amount of:	15,986
- Profits after taxation	- in the amount of:	160,096
- Total assets:		3,918,482
- Capital, reserves and unallocated profits:		2,285,004

Ad.4.

The AGM takes the notice of the Supervisory Board Report on supervision of management of business operations of the Company in 2014.

Ad. 5.

Decision on payment of dividends:

1. Available / remaining profits generated in the business year 2014 in the amount of HRK 30,843,096,00 are allocated for payment of dividends amounting to HRK 12.00 per share;
2. Dividends shall be paid to every shareholder that is registered in the Depository of the Central Clearing Depository Association (SKDD) as a holder of rights arising from the share on the date that falls 15 (fifteen) days after holding of the AGM. That is the date of acquisition of the right to payment of dividends.
3. The payment of any dividend shall be executed not later than 15 (fifteen) days from the date of acquisition of the claim to pay the dividend.

Explanation:

KONČAR – ELECTRICAL INDUSTRY Inc. Managing and Supervisory Boards determined the Company 2014 Financial Reports on 31st March, 2015.

The net profits of the Company KONČAR – ELECTRICAL INDUSTRY Inc. generated in the business year of 2014 amounts to HRK 89,592,225.14. The profits in the amount of HRK 89,592,225.14 are allocated to:

- Legal reserves (5 %)	- in the amount of	4,479,611.26 HRK
- Statutory reserves	- in the amount of	54,269,517.88 HRK
Total		58,749,129.14 HRK

It is proposed to the KONČAR – ELECTRICAL INDUSTRY Inc. Annual General Meeting to pay the remaining profits generated in 2014 in the amount of HRK 30,843,096.00 to shareholders as dividends. The stated amount represents the dividend of HRK 12.00 per dividend

(the total number of shares 2.572.119 decreased by the number of own shares that is 1.861 pieces = 2.570.258 shares; $\text{HRK } 30,843,096.00 : 2,570,258 \text{ shares} = \text{HRK } 12.00 \text{ per share}$).

Ad.6.

a)

The Company Managing Board members are relieved of duty to supervise managing of business operations of the Company in 2014.

b)

The Company Supervisory Board members are relieved of duty to supervise managing of business operations of the Company in 2014.

Ad.7.

The Company Supervisory Board members shall receive one-off remuneration for the achieved 2014 business result in the amount of 1/10 of the amount of remuneration of each Company Managing Board member, while the Supervisory Board Chairman and Deputy Chairman shall receive one-off remuneration in the amount of 1/10 of the remuneration of the Managing Board Chairman. The paid amounts shall be net amounts and the Company shall pay associated taxes, local taxes and contributions.

Ad.8.

Companies PricewaterhouseCoopers Ltd. from Zagreb, Kneza Ljudevita Posavskog Street No 31/VI and Reconsult Ltd. from Zagreb, Hrvatskih Velikana Square No 4/1 are commonly appointed auditors for KONČAR – ELECTRICAL INDUSTRY Inc. Financial Reports and the KONČAR Group Consolidated Financial Reports for the year of 2015.

Conditions for participation in the Annual General Meeting and usage of the right to vote:

Every shareholder registered in the Depository of the Central Clearing Depository Association (Središnje klirinško depozitarno društvo - SKDD) shall have right to participate at the Annual General Meeting and use his/her right to vote personally or to be represented by his/her legal representative or proxy, if the shareholder announce his/her intent to participate at the AGM to the Company in written form to the address of the Company with the note "Announcement of participation at the AGM" not later than six (6) days prior to holding of the AGM (15/05/2015). Shareholders or their proxies who do not announce participation shall not have an opportunity to participate in the Annual General Meeting.

Every shareholder can be represented by a proxy, a natural or a legal person, on the basis of a validly written power of attorney. Each power of attorney shall comprise the personal data of the shareholder who gives the power of attorney, the number of shares or votes he/she possesses, the power of attorney to the proxy to participate in the Annual General Meeting and to vote and the date of the power of attorney and the time of its validity. Every power of attorney given by a natural person shall be signed in front of a public notary or in the Company premises in front of the person authorised by the Company Managing Board.

Every power of attorney can be submitted by mail or personally in the headquarters of the Company, Shareholders Office every working day by the beginning of the Annual General Meeting or immediately during identification at the AGM. A power of attorney sample is available at the Company web site www.koncar.hr.

Shareholders in the possession of shares in the amount of 5 % of the share capital can send their proposals of any subject to be listed in the Annual General Meeting Agenda to the Managing Board for publication. Any application for listing of a subject on the AGM Agenda shall be received at least 30 days prior to holding of the Annual General Meeting and shareholders shall give an explanation and a draft decision.

Shareholders and their proxies can have an insight into materials representing basic documents for passing of decisions whose drafts are published, in the headquarters of the Company, in the Shareholders Office every working day, except Saturdays, from 10:00 a.m. to 14:00 p.m. from the date of publishing of this Invitation in the Official Journal and at the Company web site.

All data bound to holding of the Annual General Meeting are published at the Company web site.

In case the Annual General Meeting cannot be held on the day of 21st May, 2015 due to the lack of quorum defined by the Statutes, the Annual General Meeting will be held at the same place, on the day of 22nd May, 2015 beginning at 12:00.

Managing Board

KONČAR – ELECTRICAL INDUSTRY Inc.