

## EXPLANATION OF CERTAIN PROPOSALS OF GENERAL ASSEMBLY DECISIONS

### EXPLANATION OF THE PROPOSAL FOR THE CHANGE OF THE REGISTERED NAME OF THE COMPANY

The Management Board and the Supervisory Board propose to the to the General Assembly the change of the registered name of the Company, in a way that the new registered name of the Company reads "Hrvatski Telekom d.d.". Abbreviated registered name of the Company remains HT d.d. Also, the name of the Company in English remains unchanged ("Croatian Telecom Inc."). As the registered name of the Company is determined by the Articles of Association of the Company, the above change is included in the proposal of Amendments to the Articles of Association, as explained below.

In addition to the status change following the merger of T-Mobile to HT, important reasons for proposing this change are as follows: adjustment of the registered name of the Company to the corporate *brand* "Hrvatski Telekom" under which the Company is recognized in the Croatian telecommunications market, Zagreb and London Stock Exchange, as well as in the region. The mentioned name reflects the corporate identity of the Company and ensures its recognisability in the telecommunications market while at the same time keeping the reference to the national identity of the Company in its name. The term "telekom" is well established in the registered names of telekom operators, both in Croatia and worldwide.

Pursuant to Article 6 of the Amendments to the Law on Privatization of Hrvatske telekomunikacije d.d. (Official Gazette of the Republic of Croatia, No. 68/01) the approval of the Government of the Republic of Croatia is required for the change of the registered name of HT – Hrvatske telekomunikacije d.d. The Government of the RoC gave its approval for the proposal at its session held on 11 February 2010.

### 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 following reasons:

#### 1. Change of the registered name of the Company (Article 2/1 of the Articles of Association)

As explained above, it is proposed that the term: "HT – Hrvatske telekomunikacije d.d." is replaced by the term "Hrvatski Telekom d.d."

#### 2. Amendment to the scope of activities of the Company (Article 5/1 of the Articles of Association)

It is necessary to amend the scope of activities of the Company in order to harmonize the business activities of HT – Hrvatske telekomunikacije d.d. that are arising from:

- The services provided by HT d.d. that are related to ICT operations;
- Tasks related to Technical Functions (Telecom Infrastructure Services Sector, Services and Network Systems Development Sector) and increased need to perform geodetic operations for the needs of the Company,

with the legislation of the Republic of Croatia, especially with the Geodetic Activities Act, State Surveying and Real Estate Cadastre Act, Act on National Classification of Economic Activities – NKD, and the interpretations of the Commercial Court regarding the implementation of the above Acts.

Pursuant to the State Surveying and Real Estate Cadastre Act, the Company can perform geodetic activities only if it is granted approval by the State Geodetic Administration. In order to obtain the approval the Company must be registered in accordance with the proposed.

Therefore, it is proposed that new lines 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33 and 34 are added in paragraph 1, Article 5 of the Articles of Association, which read as follows:

- Lease of office machines and equipment, including computers
- Computer and related operations
- Provision of the advice on computer equipment, hardware and software
- Maintenance and repair of office machines and equipment
- Creation of the parceling and other geodetic surveys of the land cadastre
- Creation of the parceling and other geodetic surveys of the real property cadastre
- Creation of the parceling and other geodetic surveys for the needs of the individual conversion of the land registry plots of the land cadastre into the land registry plots of the real property cadastre
- Creation of the line cadastre surveys and expert geodetic tasks for the needs of provision of geodetic services

- Technical line cadastre management
- Creation of special geodetic documents for the designing needs
- Creation of special geodetic documents for the needs of compiling physical planning documents and acts
- Creation of a geodetic project
- Marking out of the building and producing the marking out survey
- Creation of a geodetic situation draft for the constructed buildings

### **3. Changes in the Articles of Association related to the Amendments to the Companies Act (hereinafter: CA) (Article 27 of the Articles of Association)**

Amendments to CA obligate the Management Board of the Company to convey to all shareholders of the Company who requested it or who were entered in the share register as the shareholders of the Company 14 days before the General Assembly, the Invitation to the General Assembly, or possible changes to the agenda.

However, CA also provides for a possibility to the Company that the announcement to the shareholders can be given only by means of electronic communication if so stipulated by the Articles of Association.

The announcements only by means of electronic communication would significantly simplify the work of the Company and reduce costs. Therefore, it is proposed to add a new paragraph 4 to the Article 27 of the Articles of Association of the Company, that reads as follows: Announcements from paragraph 2, Article 281 of the Companies Act (Official Gazette of the Republic of Croatia Nos. 111/93, 34/99, 121/99, 52/00, 118/03, 107/07, 146/08 and 137/09) shall be delivered only by means of electronic communications.

#### **EXPLANATION OF THE PROPOSAL FOR THE ELECTION OF MEMBERS OF THE SUPERVISORY BOARD**

Mr. Siegfried Pleiner and Mr. Fridbert Gerlach, Members of the Supervisory Board, had submitted their resignations with effect as of the closing of ordinary General Assembly convoked for 21 April 2010. Therefore it is hereby proposed to elect Dr. Lutz Schade and Mr. Andreas Hesse as new Members of the Supervisory Board.

Mr. Lutz Schade, Dr.-Ing.habil., Federal Republic of Germany, Freital, is a member of the Board of Directors of Slovak Telekom a.s. and a member of the Supervisory Board of PTC.

Mr. Andreas Hesse, graduated economist, Federal Republic of Germany, Kottenheim, is a member of the Supervisory Board of HT d.d. Mostar.

#### **EXPLANATION OF THE PROPOSAL ON GIVING AUTHORITY TO THE MANAGEMENT BOARD FOR ACQUISITION OF THE COMPANY'S SHARES**

The General Assembly on 21 April 2009 passed the decision by which the Management Board of HT – Hrvatske telekomunikacije d.d. was authorized to acquire Company shares in the period of 18 months as of the passing of that decision (this approval is going to expire by the end of October 2010). The Supervisory Board granted its prior approval to the Management Board to start the process of acquiring and managing of Company shares as in accordance with the authority given by the above mentioned General Assembly decision.

Given the fact that the Company acquired no Company shares so far, the Management Board and the Supervisory Board propose to the General Assembly to pass a new decision by which authority is given to the Management Board of the Company to acquire the Company's shares pursuant to the provisions of the Companies Act, the Capital Market Act and the Regulations on the terms and conditions of implementation of the Company's share Purchase Program and Financial Instrument Stabilization Measures.

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

It shall be pointed out that, by doing so, the Company will not become „its own shareholder”, as the rights of the Company arising from such shares are dormant, meaning that the Company shall have no rights, neither the right to vote at the General Assembly nor the right to participate in profit.

It is proposed that authority be given to the Management Board of the Company for purchase of up to 10% of ordinary Company's shares on behalf of the Company. The maximum price at which our shares might be purchased shall not exceed 10% respectively be not 10% below the average market price per share trade during the last trading day preceding the purchase.

Details on shares purchased in line with the proposed authority will be communicated to the Zagreb Stock Exchange and London Stock Exchange according to their Rules, and the Supervisory Board will be notified on the same without delay. The General Assembly of the Company will be furnished with reports on Company's shares acquired, their number, and their share in the Company's share capital and on the price paid for such acquired shares.

It is proposed that the authority given to the Management Board of the Company for acquisition of Company's shares shall be valid from the day of the passing of this Decision until the next General Assembly and latest until 1 May 2011.