

## 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"), with 81,888,535 ordinary registered shares which give the same number of votes at the General Assembly, passed on 15 March 2011 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, Slavenska avenija 6, on 4 May 2011 at 13:00 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 2010, including the Annual Report on the Status and Business Operations of the Company and the T-HT Group for the business year 2010 and the Supervisory Board's Report on the Performed Supervision of Business Operations Management of the Company in the business year 2010;
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 2010;
5. Decision on approval of actions of the Members of the Supervisory Board of the Company for the business year 2010;
6. Decision on Amendments to Articles 5, 21, 27, and 39 of the Articles of Association of the Company;
7. Decision on election of one Member of the Supervisory Board for another term of office;
8. Decision on giving authority to the Management Board for acquisition of the Company's shares;
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, 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 ending with 31 December 2010 realized net profit (after taxation) in the amount of HRK 1,864,032,217.09.*
2. *A part of net profit from item 1 of this Decision in the amount of HRK 1,863,783,056.60 will be distributed to shareholders as dividend payment, in the amount of HRK 22.76 per share, and the remainder of net profit in the amount of HRK 249,160.49 is to be allocated to retained earnings.*
3. *Right for payment of the amount from item 2 of this Decision have all shareholders, which on the day of the General Assembly are registered in the Central Clearing and Depository Company (SKDD). Dividend payments mature and shall be executed on 23 May 2011."*

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 2010."*

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 2010."*

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 paragraph 1, Article 5 the new lines 35, 36 and 37 shall be added, that read as follows:*

- *“issuing of electronic money and payment services connected with the issuing of electronic money*
- *service of execution of payment transactions where the consent of the payer to execute a payment transaction is given by means of any telecommunication, digital or IT device and the payment is made to the telecommunication, IT system or network operator, acting only as an intermediary between the payment service user and the supplier of goods and services*
- *issuing and/or acquiring of payment instruments“*

*Article 2*

*In paragraph 1, Article 21 the words in brackets “except as provided in paragraph 3 below” are deleted.*

*Article 3*

*Article 27, paragraph 1, line 2 shall be changed and read as follows:*

- *“they must report in advance their participation at the General Assembly and the application for participation has to reach the Company at the address stated in the invitation 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.“*

*Article 4*

*In the clean text of the Articles of Association Article 39 shall be amended and 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 and April 21, 2010 cease to be valid.“*

*Article 5*

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

*Article 6*

*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 7*

*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 to pass the following decision:*

*“Dr. Ralph Rentschler, Ph.D. in Economics, from Aalen, Federal Republic of Germany, is elected as 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 16 December 2011.“*

**Ad 8.** *The Management Board and the Supervisory Board of the Company propose to the General Assembly to adopt the following decision:*

*“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 is empowered to withdraw acquired Company’s shares 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 9. The Supervisory Board of the Company proposes to the General Assembly to pass the following decision:**

*"The company PricewaterhouseCoopers d.o.o., Alexandera von Humboldta 4, 10000 Zagreb, is appointed as the auditor of the Company for the business year 2011."*

**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 three 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 2010, including the Annual Report on the Status and Business Operations of the Company and the T-HT Group for the business year 2010 and the Supervisory Board's Report on the Performed Supervision of Business Operations Management of the Company in the business year 2010**

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 2010 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 2010 and the Supervisory Board's Report on the Performed Supervision of Business Operations Management of the Company in the business year 2010.

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 22.76 per share, and the remainder of the net profit 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 2010**

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 2010. 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 2010**

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 2010. 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 following reasons:

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

The Company provides 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 communication services in fixed telephony and pursuant to the Electronic Money Act and the Payment System Act (both in force as of 1 January 2011) HT is considered an institution dealing with electronic money and provider of payment services.

HT has submitted the Application for the electronic money license and payment service license to Croatian National Bank and it is necessary to amend the scope of activities from the Articles of Association of the Company, and to enter the Amended Articles of Association in the Court Register.

**b. Correction of accidental omission in Article 21/1 of the Articles of Association**

Amendments to the Articles of Association from 2008 introduced a simple majority rule for all SB decisions and Paragraphs 2 and 3 of Article 21 of the Articles of Association have been merged. It is proposed that the words in brackets "except as provided in paragraph 3 below" are deleted from Paragraph 1 of Article 21 of the Articles of Association, since they don't make sense, as they refer to a qualified majority required for prior approval to certain MB Decisions which does not exist any more.

**c. Adjustment with the Amendments to the Companies Act – conditions for participation at the General Assembly – Article 27/1 of the Articles of Association**

According to the Amendments to the Companies Act from 2009 the application for participation at the General Assembly has to reach the Company at the latest six days prior to the holding of the General Assembly (the day the application reaches the Company is not included into that deadline). HT's current Articles of Association state that the condition of reporting of participation in advance is fulfilled if it is done so not later than on the seventh day before the session of the General Assembly. Amendment to Article 27, paragraph 1, line 2 of the Articles of Association is proposed with the purpose of adjustment with the law.

**Ad 7. Explanation of the proposal for election of one Member of the Supervisory Board for another term of office**

The term of office of Dr. Ralph Rentschler, Member of the Supervisory Board of Hrvatski Telekom d.d., is to expire on 15 December 2011. The Supervisory Board proposes that Dr. Ralph Rentschler is re-elected as Member of the Supervisory Board of Hrvatski Telekom d.d.

Dr. Ralph Rentschler, Ph.D. in Economics, Federal Republic of Germany, Aalen, is a Member of the Board of Directors of Magyar Telekom Nyrt., Member of the Board of Directors of Slovak Telekom, a.s., Member of the Supervisory Board of DeTeFleet GMBH and Member of the Supervisory Board of T-Mobile Netherlands Holding B.V.

**Ad 8. Explanation of the proposal on giving authority to the Management Board of the Company for acquisition of Company's shares**

The General Assembly by its decision from 21 April 2010 granted authority to the Management Board of Hrvatski Telekom d.d. to acquire Company's shares for the account of the Company in the period until the next General Assembly, and latest until 1 May 2011.

The Management Board and the Supervisory Board propose to the General Assembly to pass a new decision on acquisition of the Company's shares, i.e. to extend this authorization for a 5 year period, which represents the maximal allowed period according to Amendments to the Companies Act from 2009. Said Amendments also explicitly determine that the Assembly can empower the Management Board to withdraw acquired Company's shares and decrease the share capital of the Company, so this authority was incorporated in the Decision proposal text.

The Company acquired no Company's shares as of so far.

**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., Alexandera von Humboldta 4, 10000 Zagreb, is appointed as the auditor of the Company for the business year 2011.

***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. (hereinafter – the Company) 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 4 May 2011 at 13:00 hours.
2. The participants are invited to come to the General Assembly on 4 May 2011 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 27 April 2011, 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 27 April 2011, registered as a shareholder of the Company with the Central Depository & Clearing Company Inc., Zagreb, is considered a shareholder of the Company.
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 27 April 2011 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 3 April 2011. 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 19 April 2011. 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. If provided so under the law, the materials for the General Assembly 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, 15 March 2011

Hrvatski Telekom d.d.

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