

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

Pursuant to the Company Law, Art. 277 sections 2 and 3, the Managing Director of the Joint Stock Company Ericsson Nikola Tesla (hereinafter: Company) took a decision on 10th March 2005 to convene the Annual Meeting of Ericsson Nikola Tesla, Zagreb, Krapinska 45 (hereinafter: Meeting) that shall take place at the registered office of the Company in Zagreb, Krapinska 45, on **12th May 2005 at 17.00.**

A G E N D A

1. Opening the Meeting (appointment of verifying commission, verification of registrations, determination of represented equity capital, confirmation that the Assembly has been lawfully convened and that it can lawfully decide on issues);
2. Business situation of the Company in 2004 presented by the Managing Director of the Company;
3. Report and expert opinion of Company auditor on Company's business performance in 2004;
4. Presentation of annual financial statements for 2004;
5. Report of Supervisory Board on performed review of the operations of the Company, and of annual financial statements, on the situation of the Company and the proposal as to the allocation of net income for 2004;
6. Decision on the modifications and amendments to the Company Statute;
7. Adoption of a decision on the distribution (use) of cumulative retained earnings realized till the end of 2000 and on the use of net income realized in the fiscal year 2004;
8. Approval of conduct of business as performed by the Managing Director of the Company (adoption of decision);
9. Approval of activities (conduct of supervision) as performed by the Supervisory Board of the Company and its Chairman (adoption of decision);
10. Adoption of a decision on redemption of the share capital by a decrease of the nominal value of shares and respective amendments to the Company Statute;
11. Appointment of Company auditor for the year 2005.

Proposed decisions of the Meeting

The Managing Director and the Supervisory Board of Ericsson Nikola Tesla d.d. Zagreb, make a joint proposal to the Annual General Meeting to adopt decisions stated under items 5, 6, 7, 8, 9 and 10, and the Supervisory Board makes a proposal to the Annual General Meeting to adopt decisions stated under item 11:

Item 5

The Report of the Supervisory Board on performed supervision/review of Company operations in 2004 is approved.

Item 6

Decision on the modifications and amendments to the Company Statute

In Article 11, section 3 is added, that reads:

«The General Assembly decides on the allocation of net income (profit). The General Assembly can decide to divide the net income (profit) among shareholders, and/or to allocate it to legal, statutory or other reserves, and/or to use it for some other purpose as needed (for instance, for payouts to employees, to the Managing Director or to the members of the Supervisory Board).»

In Article 18, section 1 after the words «it is voted» the words «by means of electronic media or» shall be added.

Item 7

I. Shareholders of the Company shall be paid a dividend of HRK 18,00 per share from retained, not allocated earnings realized till the end of 2000 amounting to a total of HRK 23.652.468.

Pursuant to the Company Statute, Art. 32 the dividend shall be paid out to all shareholders who seven days before the Meeting that is to adopt this decision (i.e. on 5th May 2005), have shares of the Company registered on their securities account opened with the Central Depository Agency. This payment shall be effected depending on the Company solvency but not later than 10th August 2005.

II. The net income of the Company for the financial year 2004 amounting to a total of HRK 221.389.159,45 shall be allocated to the retained earnings.

III. Considering the Company's business results achieved in the previous period, and to enable the participation in profits, hereby consent is given to the Managing Director of the Company to distribute to selected key employees and management members of the Company up to 5.000 treasury shares of the Company from retained earnings.

Item 8

“The decision is adopted on the approval of conduct of business as performed in 2004 by the Managing Director of the Company, Lars Åke Einar Enell”.

Item 9

“The decision is adopted on the approval of actions/review in 2004 as performed by the Chairman and the members of the Supervisory Board”.

Item 10

Decision on the decrease (redemption) of share capital by diminishing the nominal value of shares and respective amendments to the Statute:

Article 1

The share capital of the Company shall be decreased from the amount of HRK 266.330.000,00 by the amount of HRK 133.165.000 to the amount of HRK 133.165.000.

Article 2

This decision is made for the purpose of returning to shareholders the excessive share capital, and the amount of HRK 133.165.000 shall be paid out to shareholders who seven days before the Assembly that shall make this decision (12th May 2005) have shares of the Company on their securities account opened with the Central Depository Agency.

The payment to shareholders shall be effected within three months from the deadline defined in the Company Law, article 345 section 2.

Article 3

The nominal value of a Company share shall thus be reduced from HRK 200,00 by the amount of HRK 100,00 to the amount of HRK 100,00.

Article 4

The intention of the Company related to the redemption of share capital shall immediately be reported to the Commercial Court in Zagreb to be entered in the companies register, and the Managing Director shall proceed in compliance with the provision in article 345 of the Company Law.

Article 5

Pursuant to this decision, and providing that the procedure is carried out in compliance with the Law, and to the effect that complies with the Company Law, art. 344, the Statute of the Company, articles 5 and 6, shall be changed, so that their wording shall be as follows:

Article 5 of the Statute:

“The share capital (equity) of the Company amounts to HRK 133.165.000,00 (in words: onehundredthirtythreemilliononehundredandsixtyfivethousand kunas).”

Article 6 of the Statute:

“The share capital is allocated to 1.331.650 (in words: onemillionthreehundredthirtyonethousandsixhundredandfifty) ordinary shares that are in the name, each of them to the nominal amount of HRK 100,00 (in words: onehundred kunas).”

Article 6

The Managing Director considers the proposed decrease in equity reasonable, keeping in mind the earnings (net income) and positive cash flow in the preceding years. In this way all shareholders shall get a part of their investment in shares as one-time payment.”

Item 11

“The company KPMG Croatia d.o.o. za reviziju, Zagreb, Centar Kaptol, Nova Ves 11 is (hereby) appointed as the auditor of the Company for the year 2005.”

Important information about registration and participation in the Annual Meeting

All shareholders and their proxies, who register to take part in the Assembly Meeting seven (7) days before the Meeting (including the date 5th May 2005) shall be entitled to take an active part in it and to vote.

Shareholders can register in the Legal Affairs Department at the registered office of the Company in Zagreb, Krapinska 45, between 10.00 and 12.00 every workday.

The following documents shall be submitted to the registration commission:

1. Personal registration form if the shareholder attends in person,
2. Personal registration form and authorization form if the shareholder's representative (proxy) attends.

Within the registration period the shareholders and their proxies respectively are entitled to file (submit in writing) notes and proposals regarding the proposed resolutions.

The registration commission shall hand over to shareholder, or his proxy, the registration document and the receipt for the submitted (filed) proposals.

The shareholder or his/her proxy who does not register shall not be entitled to take an active part in the Meeting.

The shareholder's proxy shall have a valid authorization document, which does not have to be certified (by the notary public). The authorization document shall indicate the issuer of the authorization, to whom it is issued (name and family name, address), to what purpose the proxy is authorized to vote at the Meeting.

If the proxy represents a legal person he has to enclose with the authorization document the document showing that the issuer of authorization document has legal authority to represent the legal person in question (extract from the Court Register of Companies).

The shareholding capacity is checked by insight into the data of the Central Depository Agency.

The required identification document is a personal identity paper (personal identification card or passport).

Starting with the date of public announcement of the Meeting the written materials for the Annual Meeting required for adopting decisions shall be available to shareholders for inspection in the Legal Affairs Dept. at the registered office of the Company, every workday between 9.00 and 15.00.

The registration of attendance of persons authorized to take part in the Meeting shall start two (2) hours before the time scheduled for the beginning of the Meeting, upon the presentation of the registration document.

In case the shareholders who together own the twentieth part of the share capital of the Joint Stock Company put a request, after the Assembly Meeting has been convened, that the subject matter of decision making at the Meeting should be made public, this has to be done within ten days after the General Assembly has been convened. If the mentioned deadline should not be kept the consequence is that the proposed agenda is considered as not lawfully announced.

Every shareholder is entitled to submit to the Company at least two weeks prior to the Assembly Meeting an counterproposal to the proposal submitted by the Managing Director and/or Supervisory Board related to a particular item in the agenda, with due explanation, to the following address:

Ericsson Nikola Tesla d.d. Zagreb
Krapinska 45
10000 Zagreb

If the Meeting should lack a quorum (more than 50 % of shares representing the share capital) the Managing Director shall, within the following 3 days, send to shareholders invitations with the same agenda, convening a new Annual Meeting. This new Meeting shall be convened not later than 15 days after the Meeting has been originally convened, i.e. on 27th May 2005 at the latest. Such an Assembly can lawfully decide disregarding the number of present shareholders.

For all additional information, please call 365 4314 or 365 4168.

ERICSSON NIKOLA TESLA d.d.
Zagreb

The Managing Director:
Gordana Kovačević