

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS**

Pursuant to the Company Law, Art. 277 sections 2 and 3 and to the Managing Director's decision of 6<sup>th</sup> March 2006, the Managing Director of the joint stock company Ericsson Nikola Tesla, Zagreb, Krapinska 45 (hereinafter: Company) convenes the Annual Stockholders Meeting of Ericsson Nikola Tesla (hereinafter: Meeting) that shall take place at the registered office of the Company in Zagreb, Krapinska 45, on **1<sup>st</sup> June 2006 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 is lawfully convened and that it can lawfully decide on issues);
2. Business situation of the Company in 2005 presented by the Managing Director of the Company;
3. Presentation of the annual financial statements for 2005;
4. Report and expert opinion of Company auditor on Company's business performance in 2005;
5. Report of Supervisory Board on performed review of the operations of the Company, and of the annual financial statements, on the business situation of the Company and on the proposal related to the allocation of net income for 2005;
6. Adoption of a decision on the allocation/use of cumulative retained earnings realized till the end of 2000 and on the use of net income realized in the fiscal year 2005;
7. Approval of conduct of business as performed by the Managing Director of the Company (adoption of decision);
8. Approval of activities (conduct of supervision) as performed by the Supervisory Board of the Company and its Chairman (adoption of decision);
9. Adoption of decision on recall of:
  - Ragnar Bäck, passport no. 34637875, Via Machiavelli 60#7, 00185 Rome, Italy, member of the Supervisory Board;
10. Adoption of decision on appointment of:
  - Jan Campbell, president of the Ericsson market unit Central Europe, passport no. 56445974, Habsburgergasse 4/8, 1010 Vienna, Austria, as a member of the Supervisory Board;
11. Appointment of Company auditor for the year 2006.

**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 and 8 and the

Supervisory Board makes a proposal to the Annual General Meeting to adopt decisions stated under item 9, 10 and 11:

Item 5

The Report of the Supervisory Board on performed supervision/review of Company operations in 2005 is approved.

Item 6

I. Shareholders of the Company shall be paid a dividend of **HRK 19,00** per share from retained, not allocated earnings realized till the end of 2000 amounting to a total of **HRK 25.077.549,00**.

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. **25<sup>th</sup> May 2006**) have shares of the Company registered on their securities account opened in the Central Depository Agency. This payment shall be effected depending on the Company solvency but not later than **30<sup>th</sup> August 2006**.

II. The net income of the Company for the financial year 2005 amounting to a total of **HRK 235.688.264,96** 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 profit, hereby consent is given to the Managing Director of the Company to allocate to selected key employees up to 12.624 treasury shares of the Company in the following years from retained earnings.

Item 7

"The decision is adopted on the approval of conduct of business as performed in 2005 by the Managing Director of the Company, Gordana Kovačević".

Item 8

"The decision is adopted on the approval of actions/review in 2005 as performed by the Chairman and the members of the Supervisory Board".

Item 9

" We recall a member of the Supervisory Board:

- Ragnar Bäck, passport no. 34637875, Via Machiavelli 60#7, 00185 Rome, Italy, elected as a member of the Supervisory Board at the General Shareholders Meeting held on 18<sup>th</sup> May 2004";

Item 10

"We appoint as a member of the Supervisory Board:

- Jan Campbell, president of the Ericsson market unit Central Europe, passport no. 56445974, Habsburgergasse 4/8, 1010 Vienna, Austria";

Item 11

"KPMG Croatia d.o.o. za reviziju (the joint stock company KPMG Croatia for auditing), Zagreb, Centar Kaptol, Nova Ves 11 is appointed as the auditor of the Company for the year 2006."

***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 **25<sup>th</sup> May 2006**) 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:

- personal registration form if the shareholder attends in person,

- 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 (statement from the Court Register of Companies).

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

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

Written materials for the Annual Meeting that are required for adopting decisions shall be available to shareholders for insight starting with the date of public announcement of the Meeting, 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 a 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 **16<sup>th</sup> June 2006** 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