

Translation

No: 117294/8

Date: 20 April 2012

Pursuant to Article 592, paragraphs 1 and 2 of the Law on Business Companies (*Off. Gazette of RS* no. 36/2011 and 99/2011) (hereafter: "Law") and Article 16 para 1 item r) of the Telekom Srbija a.d. Articles of Association, and in connection with Decision on the Incorporation of Telekom Srbija a.d. no. 23262-2/97 of 23 May 1997 with amendments no. 23262-3 of 8 June 1997, no. 134429/3 of 23 November 2006 and no. 16793/3 of 20 January 2010 (hereafter: Decision on Incorporation), at its 43rd regular session held on 20 April 2012 the General Meeting of Telekom Srbija a.d. rendered the following

**DECISION ON THE ORGANIZATION OF TELECOMMUNICATIONS COMPANY
TELEKOM SRBIJA A.D. FOR THE PURPOSE OF MAKING ADJUSTMENTS TO THE
LAW ON BUSINESS COMPANIES**

(the Official Gazette of RS No. 36/2011 and 99/2011)

(hereinafter: "Incorporation Charter")

OPENING PROVISIONS

Article 1

1.1 Joint Stock Telecommunications Company Telekom Srbija, Belgrade, Takovska 2 (hereafter: Company) was set up as a single-member joint stock company by simultaneous incorporation under Decision of the Managing Board of Public Enterprise for PTT Traffic Srbija p.o., Belgrade, Takovska 2 no. 23262-2/97 of 23 May 1997.

Within the implementation of the process of the structural and ownership transformation of the PTT System, under the Share Sale and Purchase Agreement entered into on 9 June 1997 between PE PTT Srbija (hereafter: "PTT") and STET International Netherland N.V. ("**S.I.N.**") and Hellenic Telecommunications Organization A.E. – O.T.E. ("**O.T.E.**"), the total of 49% of all issued shares of the share capital of the Company were sold in the following ratio: 29% of the shares to the S.I.N company and 20% of the shares to O.T.E.

Under the Share Sale Agreement concluded on 20 February 2003, S.I.N. sold its 29% of the shares to PTT, thus bringing the total number of shares owned by PTT to 864,000 or 80% of the shares, whereas the remainder of 216,000 or 20% of the shares remained the ownership of OTE.

Under the Agreement on the Free Transfer of Shares of the Company - Gift, concluded between the Serbian government and PTT on 24 September 2010, the ownership of 80% of the shares of the Company was transferred from PTT to the Republic of Serbia – the Serbian government. Along with the rights it is entitled to as the Company's shareholder, the Republic of Serbia also holds the rights laid down by the Incorporation Charter and these Articles of Association.

Pursuant to Decisions of the Company's General Meeting no. 399837/5 of 16 December 2011 and no. 413850/3 of 29 December 2011 and the Agreement on the sale of all O.T.E. shares in the Company concluded on 30 December 2011 between the Company and O.T.E. and the Agreement on the acquisition of own shares entered into on 25 January 2012 between the Company and O.T.E., on 25 January 2012, the Company acquired ownership over all of the 20% of the shares of its share capital owned by O.T.E., which shares thus became own shares in terms of applicable regulations

TRADE NAME OF THE COMPANY

Article 2

2.1 The Company shall operate under a trade name and an abbreviated trade name.

2.2 The Company trade name shall be:
Preduzeće za telekomunikacije «Telekom Srbija» akcionarsko društvo, Beograd
(Joint Stock Telecommunications Company Telekom Srbija Belgrade)

2.3 The abbreviated trade name of the Company shall be:
«Telekom Srbija» a.d., Beograd
(Telekom Srbija a.d. Belgrade)

2.4 The Company trade name may be changed by a decision of the General Meeting rendered in the manner laid down by the Law and the Articles of Association of the Company.

COMPANY SEAT

Article 3

3.1 The Company seat shall be in Belgrade, Takovska 2, Republic of Serbia.

3.2 The Company seat may be changed by a decision of the General Meeting rendered in the manner laid down by the Law and the Articles of Association of the Company.

PREVAILING ACTIVITY OF THE COMPANY

Article 4

4.1 The prevailing activity of the Company shall be:
6110 – cable telecommunications

Apart from the prevailing activity, the Company may conduct all other activities as permitted by law.

The Company may pursue the activities that may be conducted only on the basis of the consent, permit or some other act of a state body, as prescribed by law, only after it has received such a permit, consent or some other act of the state body.

4.2 The Company is authorized to conduct foreign trade operations.

DURATION OF THE COMPANY

Article 5

5.1 The Company shall be incorporated for an indefinite period of time.

THE AMOUNTS OF THE PECUNIARY AND NON-PECUNIARY PART OF SHARE CAPITAL

Article 6

6.1. The total amount of the Company share capital that was subscribed and paid in at the time of incorporation of the Company in line with the PTT Managing Board Decision on the incorporation of the company No. 23262-2/97 of 23 May 1997 amounted to RSD 10,907,385,234.00 (ten billion nine hundred and seven million three hundred and eighty five thousand and two hundred thirty four dinars) and consisted of

(i) the pecuniary capital totaling RSD 55,661.00 (in words: fifty five thousand six hundred sixty one dinars)

(ii) the non-pecuniary capital, the value of which expressed in moneys amounts to RSD 10,907,329,573.00 (in words: ten billion nine hundred and seven million three hundred and twenty nine thousand five hundred and seventy three dinars).

The non-pecuniary capital referred to in the preceding paragraph of this Article included telecommunications networks, devices and equipment, spare parts, tools and instruments, office material and equipment used for telecommunications activities

6.2. Pursuant to the Decision of the General Meeting no. 117294/6 of 20 April 2012 on an increase in the share capital, for the purpose of entry in the Central Securities Register, Depository and Clearing House, the total amount of the Company share capital shall amount to 100,000,000,000.00 (in words: one hundred billion) dinars (hereafter: **Share Capital**) and consists of:

(i) pecuniary capital in total amount of 17,487,874,126.60 (in words: seventeen billion four hundred and eighty seven million eight hundred and seventy four thousand one hundred and twenty six and 60/100) dinars

(ii) non-pecuniary capital the value of which expressed in money amounts to 82,512,125,873.40 (in words: eighty two billion five hundred and twelve million one hundred and twenty five thousand eight hundred and seventy three and 40/100) dinars

DATA ON THE TYPES AND CLASSES OF THE ISSUED SHARES

Article 7

7.1. The Company share capital is divided into 1,000,000,000 (in words: one billion) ordinary shares without the nominal value.

7.2. All the shares of the Company shall be ordinary shares which shall represent a single class of shares.

The share issuer referred to in the foregoing paragraph shall be the Company.

7.3. Each share shall bear one vote.

7.4. The transfer of ownership over shares shall not be restricted.

7.5. Share registration data – The shares are fully paid-in and registered with the Central Securities Registry, Depository and Clearing House on 27 April 2012, ISIN RSTLKME93718, CFI ESVUFR.

TRANSITIONAL AND FINAL PROVISIONS

Article 8

8.1 the Incorporation Charter is a top-level internal by-law of the Company.

8.2 All issues not regulated by this Incorporated Charter shall be governed directly by the Law and/or other regulations, the Company's Articles of Association and/or other act, i.e. the Company's document governing individual issue, i.e. the relevant field.

8.3 This Incorporation Charter shall enter into force as of the date of registration with the competent institutions of the General Meeting Decision No. 117294/7 of 20 April 2012 on the issuance of ordinary shares in order to replace the existing shares for the purpose of their distribution.

8.4 As of the entry into force hereof, the Decision on Incorporation shall be repealed.

8.5 This Incorporation Charter has been delivered in 6 (six) identical counterparts in the Serbian language.

**TELEKOM SRBIJA a.d.
GENERAL MEETING CHAIRMAN**

Dragoslav Šumarac, PhD /signed/