



Zagreb, 2 April 2015

COUNTERPROPOSAL TO THE PROPOSAL OF DECISION ON UTILIZATION OF PROFIT

Hrvatski Telekom d.d. (hereinafter referred to as “the Company”) hereby publishes a counterproposal received from Raiffeisen društvo za upravljanje obveznim i dobrovoljnim mirovinskim fondovima d.d., on behalf and for the account of funds it manages, shareholders of the Company, to the decision proposal under item 3 of the agenda of the General Assembly of Hrvatski Telekom d.d., convoked for 29 April 2015.

The counterproposal is:

“Pursuant to Article 282(1) of the Companies Act (Official Gazette no. 111/93, 34/99, 121/99 – authoritative interpretation, 52/2000 – Decision of the Constitutional Court of the Republic of Croatia, 118/2003, 107/2007, 146/2008, 137/2009, 152/2011 – consolidated text, 111/2012, and 68/2013), with regard to item Ad.3 of the agenda referring to the distribution and utilisation of profit, Raiffeisen društvo za upravljanje obveznim i dobrovoljnim mirovinskim fondovima d.d. submits, on behalf and for the account of funds managed by the Company, the following

COUNTERPROPOSAL

1. *It is determined that Hrvatski Telekom d.d. in the business year ending with 31 December 2014 realised net profit in the amount of HRK 1,130,669,208.06.*

Net profit amount stated herein shall be used accordingly:

- *A part of net profit in the amount of HRK 940,000,000.00 shall be used to increase the share capital from Company's own capital.*
 - *A part of net profit in the amount of HRK 34,700,000.00 shall be allocated to legal reserves.*
 - *A part of net profit in the amount of HRK 155,969,208.06, i.e. HRK 1.90 per share, shall be allocated to dividend payment.*
2. *Out of the retained earnings from earlier periods, an amount of HRK 673,457,787.00 shall be paid out as dividend to shareholders, in the amount of HRK 8.22 per share.*
 3. *The dividend referred to in items 1 and 2 of this Decision amounts in total to HRK 10.12 per share and shall be paid out to all shareholders that are registered as shareholders with the Central Depository & Clearing Company (SKDD) on 11 May 2015 (record date). The date on which share of Hrvatski Telekom d.d. will be traded without dividend payment right is 8 May 2015 (ex-date). The dividend payment claim matures on 25 May 2015 (payment date).*
 4. *This Decision shall enter into force on the day of its adoption.”*

EXPLANATION OF THE COUNTERPROPOSAL:

Raiffeisen društvo za upravljanje obveznim i dobrovoljnim mirovinskim fondovima d.d. finds, on behalf and for the account of funds managed by the Company, the balance sheet structure of Hrvatski Telekom d.d. sub-optimal and damaging to the current shareholders of the Company for the following reasons:

- *The Company has been holding inappropriately high amounts in the cash and cash equivalents category for a period of several years.*
- *There is no justified reason why such a liquidity reserve would be necessary for the Company taking into consideration that the capital expenditures of future periods can be financed by cash flows generated in those periods.*
- *Taking into consideration the size of the balance sheet, the Company is almost debtless, the result of which is an inappropriately high capital cost for the Company (from the shareholders' point of view), especially considering the circumstances where debt security interests are currently at their historically lowest level.*
- *We find that even after adopting this proposal, the Management Board of the Company would still have enough room for implementing the acquisition of treasury shares in compliance with Ad. 8 decision adopted at the General Assembly of the Company on 4 May 2011, which, in our opinion, would be in the interest of the Company and its shareholders.”*

Pursuant to Article 282 of the Companies Act, the shareholders counterproposal was published on 2 April 2015 on the web site of the Company (www.t.ht.hr) and was delivered the same day to the Zagreb Stock Exchange, to the Official Register of Proscribed Information, and it was made available to the shareholders and for issuing of copies at the seat of the Company in Zagreb.

Contact:

Marina Bengesz Sedmak + 385 1 4911080

Email: Marina.Sedmak@t.ht.hr

Elvis Knežević + 385 1 4911 114

Email: ir@t.ht.hr

Web: www.t.ht.hr