



Zagreb, 17 April 2015

COUNTERPROPOSAL TO THE PROPOSAL OF DECISION ON UTILIZATION OF PROFIT AND FOR THE MEMBERSHIP OF SUPERVISORY BOARD

Hrvatski Telekom d.d. (hereinafter referred to as “the Company”) hereby publishes a counterproposal submitted by SOCIETE GENERALE – SPLITSKA BANKA d.d., on behalf of the bank and for the account of the client under the collective custody account with SKDD No. 8911975 in the name Societe Generale Splitska banka d.d., a 6.77% shareholder of the Company representing 5,541,197 shares, to the decision proposals under items 3 and 8 of the agenda of the General Assembly of Hrvatski Telekom d.d., convoked for 29 April 2015.

The counterproposal is:

“SOCIETE GENERALE – SPLITSKA BANKA d.d., on behalf of the bank and for the account of the client under the collective custody account with SKDD No. 8911975 in the name Societe Generale Splitska banka d.d., is hereby submitting a counterproposal to the Agenda of the General Assembly of the company Hrvatski Telekom d.d., to be held on 29 April 2015., which refers to Ad 3 and Ad 8 of the Agenda of the General Assembly of shareholders of the company Hrvatski Telekom d.d., with the following content:

Ad 3 Decision on the utilization of profit

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

The net profit amount stated herein shall be used as follows:

- *A part of net profit in the amount of HRK 725,000,000.00 shall be used to increase the share capital from Company’s own capital.*
 - *A part of net profit in the amount of HRK 370,955,063.60 shall be paid out as dividend to shareholders, in the amount of HRK 4.53 per share.*
 - *A part of net profit in the amount of HRK 34,714,144.46 shall be allocated to legal reserves.*
2. *Out of the retained earnings from 2009, an amount of HRK 759,106,719.50 shall be paid out as dividend to shareholders, in the amount of HRK 9.27 per share.*
 3. *The dividend referred to in items 1 and 2 of this Decision shall be paid out to the shareholders registered with the Central Depository & Clearing Company (SKDD) on 11 May 2015 (record date). The date as of which the 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:

By the proposed utilization of profit, the Company would leverage to a greater extent the tax relief for profit re-investment, as provided for by the current positive regulations. At the same time, a higher dividend would be paid out to shareholders, to which, in our opinion, there are no obstacles having regard to the arguments given below.

We find that there is no need for the Company to continuously hold significant liquidity reserves in the balance sheet. Taking into consideration the current status on financial markets, which are characterized by exceptionally low yields, the Company cannot make an adequate return on these reserves. So far, the Company has neither acquired treasury shares, although the General Assembly adopted such a decision, nor showed any intention to initiate a treasury share buy-out program. The Company still generates a strong and stable operational cash flow and can meet most of its needs for dividend pay-out and investments from its cash flow. By way of an exception, should such a need arise, the Company can, without any difficulties, make borrowings from business banks or issue short-term securities at very favorable conditions, thanks to its first-class credit rating and favorable market conditions.”

Ad 8 Decision on election of one member of the Supervisory Board

“Branko Borković, Prečno, is elected as Member of the Supervisory Board of Hrvatski Telekom d.d. for a term of office of four (4) years, starting from 16 December 2015.”

Curriculum vitae of the proposed candidate:

Mr. Branko Borković was born in 1961. He graduated from Technical Military Academy in 1985. During the Croatian Homeland War, he was the last commander of the Vukovar defense. After the war, in the period from 1993 to 1996, he was the commander of the Croatian Army infantry and from 1994 to 2001 he was President of the Homeland War Volunteers' Association.

Mr. Borković is the President of the Supervisory Board of the Velebit Investment Fund. Since 2004, he has been the President of the Central Union of “Hrvatski Posavac” Horse Breeders. He is the owner of a company called Slap-96 d.o.o. At the beginning of 2012, he became a member of the Board of Management of the Fund for Croatian Homeland War Veterans and Members of Their Families with a four-year term of office.

Pursuant to Article 282 of the Companies Act and to the Invitation and instructions for shareholders concerning their participation in the General Assembly, the shareholders counterproposal received on 14 April 2015, was published by the Company on 17 April 2015 on the web site of the Company (www.t.ht.hr) and was delivered the same day to the Zagreb Stock Exchange, and to the Official Register of Proscribed Information. The Counterproposal is made available to the shareholders and for issuing of copies at the seat of the Company in Zagreb.

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