



INVITATION TO THE GENERAL ASSEMBLY OF CROATIAN TELECOM INC.

Pursuant to the provisions of Article 277, Paragraph 2 of the Companies Act, the Management Board of the Joint Stock Company Croatian Telecom, with the registered seat in Zagreb, Roberta Frangeša Mihanovića 9 (hereinafter: HT Inc. or "the Company"), passed on 12 March 2018 the decision on the convocation of the General Assembly of the Company and hereby invites the shareholders of the Company to the

**GENERAL ASSEMBLY
of Croatian Telecom Inc.
to be held in Sky Office, Zagreb, Roberta Frangeša Mihanovića 9, on 24 April 2018 at 10:00 hours**

with the following agenda:

1. Election of the Chairman of the General Assembly;
2. Annual financial statements of the Company and consolidated annual financial statements of HT Group for the business year 2017, including the Annual Report on the Status and Business Operations of the Company and HT Group for the business year 2017 and the Supervisory Board's Report on the Performed Supervision of Business Operations Management of the Company in the business year 2017;
3. Decision on the utilization of profit;
4. Decision on approval of actions of the Members of the Management Board of the Company for the business year 2017;
5. Decision on approval of actions of the Members of the Supervisory Board of the Company for the business year 2017;
6. Decision on election of Member of the Supervisory Board;
7. Decision on appointment of the auditor of the Company

Proposals of decisions of the General Assembly:

Ad 1) The Management Board and the Supervisory Board of the Company propose to the General Assembly to adopt the following decision:

"Professor Zoran Parać, Ph.D., is elected as Chairman of the General Assembly of Croatian Telecom Inc. for this convocation".

Ad 3) The Management Board and the Supervisory Board of the Company propose to the General Assembly to adopt the following decision:

"Decision on utilization of profit for the year 2017"

1. *It is determined that Croatian Telekom Inc. in the business year ending with 31 December 2017 realized net profit in the amount of HRK 841,265,803.70.
Net profit amount stated herein shall be used accordingly:
A part of net profit in the amount of HRK 490,020,384.00 shall be paid out as dividend to shareholders, in the amount of HRK 6.00 per share.
A part of net profit in the amount of HRK 351,245,419.70 shall be allocated to retained earnings.*
2. *Dividend referred to under Item 1 hereof shall be paid out to all shareholders that are registered as shareholders at the Central Depository & Clearing Company (SKDD) on May 9th, 2018 (record date). Date on which security of Croatian Telekom Inc. will be traded without dividend payment right is May 8th, 2018 (ex date). Dividend payment claim matures on May 21st, 2018 (payment date).*
3. *This Decision shall enter into effect as at the day of its passing".*

Ad 4) The Management Board and the Supervisory Board of the Company propose to the General Assembly to adopt the following decision:

"The approval of actions is given to the Members of the Management Board of the Company for the business year 2017".

Ad 5) The Management Board and the Supervisory Board of the Company propose to the General Assembly to adopt the following decision:

"The approval of actions is given to the Members of the Supervisory Board of the Company for the business year 2017".

Ad 6) The Supervisory Board of the Company proposes to the General Assembly to pass the following decision:

"Ms. Dolly Predovic, Master of Science in Finance, residing in Milano, Republic of Italy, is elected Member of the Supervisory Board of Croatian Telecom Inc. for another term of office for the period of four (4) years, after the expiry of her current term of office, i.e., as of 29th April 2018".

Ad 7) The Supervisory Board of the Company proposes to the General Assembly to pass the following decision:

"The company PricewaterhouseCoopers d.o.o., Heinzelova ulica 70, 10 000 Zagreb, is appointed as the auditor of the Company for the business year 2018".

Explanation of proposals of General Assembly decisions:

Ad 1) Explanation of the proposal for election of the Chairman of the General Assembly

Professor Zoran Parać, Ph.D., has been elected as Chairman of the General Assemblies of the Company in the previous years, which were held without disturbances, efficiently and in accordance with the legal provisions. It is therefore proposed that he is elected again as Chairman of the Assembly.

Ad 2) Annual financial statements of the Company and consolidated annual financial statements of HT Group for the business year 2017, including the Annual Report on the Status and Business Operations of the Company and HT Group for the business year 2017 and the Supervisory Board's Report on the Performed Supervision of Business Operations Management of the Company in the business year 2017

Pursuant to the obligation from Article 280a, paragraph 1, item 2 of the Companies Act, HT Inc. informs its shareholders that, pursuant to Article 300d of the Companies Act, the annual financial statements of the Company and consolidated annual financial statements of HT Group for the business year 2017 are adopted both by the Management Board and the Supervisory Board, and, therefore, the General Assembly does not pass a decision thereon. The said financial statements are to be forwarded to the General Assembly together with the Annual Report of the Management Board on the Status and Business Operations of the Company and HT Group for the business year 2017 and the Supervisory Board's Report on the Performed Supervision of Business Operations Management of the Company in the business year 2017.

The General Assembly does not pass any decisions under this agenda item.

The General Assembly, by its Decisions from 2011, 2014 and 2016, authorized the Management Board to acquire Company shares (authorization is valid until 21 April 2021) and to act in accordance with the Article 352 paragraph 3, item 3 of the Companies Act. The Management Board is authorized to withdraw the acquired Company shares without nominal value without the share capital of the Company being decreased, in which case the remaining shares' participation in the share capital is increased, and in that case to align the information on the number of shares in the Articles of Association of the Company.

The Management Board launched the Share Buyback Programme ("Programme"), which started on 3 July 2017 and is to last until 20 April 2021. The maximum of 2,500,000 shares is scheduled for acquisition during the duration of the Programme, whereas the maximum funds that are assigned to the Programme amount to HRK 500,000,000.00.

Until 31 December 2017, the Company acquired at Zagreb Stock Exchange in total 218,471 Company shares, representing 0.27% of the Company's issued share capital. For the said acquisition the Company paid out an equivalent value of HRK 38 million.

On 12 March 2018 the Management Board passed the decision on withdrawal of 218,471 Company shares, and based on the authorization granted by General Assembly Decisions as of 29 April 2014 and 21 April 2016, aligned the information on the number of shares in the Articles of Association of the Company. The share capital of the Company is now divided into 81,670,064 shares without nominal value.

Ad 3) Explanation of the proposal of decision on the utilization of profit

The Management Board and the Supervisory Board propose to the General Assembly to pass the decision by which a part of the net profit will be distributed to shareholders as dividend payment, in the amount of HRK 490,020,384.00, or HRK 6.00 per share, and the remainder of net profit in the amount of HRK 351,245,419.70 is to be allocated to retained earnings.

Ad 4) Explanation of the proposal of decision on approval of actions of the Members of the Management Board of the Company for the business year 2017

Pursuant to Article 280, paragraph 3 of the Companies Act, the Management Board and the Supervisory Board propose to the General Assembly to pass the decision by which approval of actions is given to the Members of the Management Board of the Company for the business year 2017.

Voting on the approval of actions may be conducted separately for each member of the Management Board if the Assembly decides so, or upon the request of the shareholders holding at least a tenth part of the share capital of the Company.

Ad 5) Explanation of the proposal of decision on approval of actions of the Members of the Supervisory Board of the Company for the business year 2017

Pursuant to Article 280, paragraph 3 of the Companies Act, the Management Board and the Supervisory Board propose to the General Assembly to pass the decision by which approval of actions is given to the Members of the Supervisory Board of the Company for the business year 2017.

Voting on the approval of actions may be conducted separately for each member of the Supervisory Board if the Assembly decides so, or upon the request of the shareholders holding at least a tenth part of the share capital of the Company.

Ad 6) Explanation of the proposal for election of Member of the Supervisory Board

Pursuant to Article 280, paragraph 3 of the Companies Act, the Supervisory Board proposes to the General Assembly to elect one Supervisory Board Member, that is, Ms. Dolly Predovic, whose term of office is to expire on 29th April 2018.

Ms. Dolly Predovic is member of the Supervisory Board of Podravska Banka d.d., Koprivnica, Republic of Croatia.

Ad 7) Explanation of the proposal for appointment of the auditor of the Company

Pursuant to Article 280, paragraph 3 of the Companies Act, the Supervisory Board proposes to the General Assembly to pass the decision by which the company PricewaterhouseCoopers d.o.o., Heinzlova ulica 70, 10 000 Zagreb, is appointed as the auditor of the Company for the business year 2018.

INVITATION AND INSTRUCTIONS FOR SHAREHOLDERS CONCERNING THEIR PARTICIPATION IN THE GENERAL ASSEMBLY (hereinafter – Instructions)

Invitation, time and venue of the General Assembly

1. The shareholders of HT Inc. are invited to participate in the work of the General Assembly to be held in Zagreb, in Sky Office, Roberta Frangeša Mihanovića 9, on 24 April 2018 at 10:00 hours.
2. The participants are invited to come to the General Assembly on 24 April 2018 at least one hour prior to its scheduled beginning for the purpose of timely registration of participants and in order for the Committee for Participant Registration to make a list of participants in the work of the General Assembly. When registering, the shareholders or their proxies or representatives have to submit to the Committee a valid identification document provided under law, while the proxies who are legal persons have to submit an excerpt from the court register or other appropriate register in which the legal person concerned is entered or other appropriate public document, if such a document was not submitted with the application for participation in the General Assembly. After they have registered, the participants may leave the General Assembly only after informing the Committee for Participant Registration until the conclusion of the General Assembly.

Participation and voting at the General Assembly

3. Each shareholder of the Company who has submitted to the Company, either personally or through their proxy or representative, an application for participation in written form and at the latest six days prior to the holding of the General Assembly, taking into account that the day the application reaches the Company is not included into that deadline, i.e. latest by 17 April 2018, has the right to participate in the General Assembly. A legal or natural person who is registered as Company shareholder with the Central Depository & Clearing Company Inc., Zagreb, on the last day for application for participation in the General Assembly, i.e. on 17 April 2018, is considered a Company shareholder entitled to participate in the General Assembly.

4. The application shall have the following contents and attachments:

I. Application for shareholder – natural person

- Name and family name, residence, address, number of account opened with the Central Depository & Clearing Company Inc. and the total number of shares of the shareholder concerned

II. Application for shareholder – legal person

- Company name of the legal person, seat and address, personal identification number (OIB)

- Number of account opened with the Central Depository & Clearing Company Inc. and the total number of shares of the shareholder concerned

- An excerpt from the court register or from other register in which the legal person is entered or a copy of such document, a certified copy or other appropriate public document clearly showing that the application was signed by a person who is under law authorized to represent the legal person concerned shall be attached to the application

III. Application submitted by shareholder's proxy

a) Proxy – natural person:

- Name and family name, residence and address of the proxy

- List of shareholders the proxy is representing; for each shareholder – number of their account with the Central Depository & Clearing Company Inc. and the total number of shares of all represented shareholders

- All individual powers of authority on the recommended form shall be attached to the application

b) Proxy – legal person:

- Company name, seat and address and proxy's company personal identification number (OIB)

- List of shareholders the proxy is representing; for each shareholder – number of their account with the Central Depository & Clearing Company Inc. and the total number of shares of all represented shareholders

- Individual powers of authority given by shareholders in written form shall be attached to the application; if a shareholder is a legal person, the attachment shall contain an excerpt from the court register or other register in which the legal person is entered or a copy of such document, a certified copy or other public document clearly showing that the power of authority was signed by a person who is under law authorized to represent the legal person concerned.

5. For minors and legally incapable or partially capable natural persons application shall be submitted by their statutory representative, who represents them and an original document or a copy or certified copy thereof proving the status of statutory representative shall be enclosed to the application.
6. The shareholders at the General Assembly may be represented by proxies on the basis of a valid written power of authority which is issued by the shareholder or which on behalf of a shareholder which is a legal person is issued by a person who is under law authorized to represent them.
7. The Company shall report the Invitation to the General Assembly, at the latest 21 days prior to holding of the General Assembly, to credit or financial institutions and to shareholder associations that voted on behalf of shareholders at the previous General Assembly, or if they asked for the Invitation to be reported to them. This report shall state the possibility for shareholders to vote at the General Assembly by proxies and by shareholder associations on their behalf.
8. The power of authority for the application for participation and/or voting at the General Assembly shall include name and family name or company, residence or seat and address of the giver of authority, number of account with the Central Depository & Clearing Company Inc., the total number of shares, name and family name or company, residence or seat and address of the proxy, signature of the giver of authority or statutory representative or representative under law, if the giver of authority is a legal person. It is recommended to use forms for the application for participation in the General Assembly and for the power of authority, which can be obtained at the seat of the Company and on the web site of the Company www.t.ht.hr.
9. The application for participation in the General Assembly and the power of authority, as well as any other attachment, shall be in the Croatian language; if they are in a foreign language, they shall be translated into Croatian by an authorized court interpreter.
10. The application for participation in the General Assembly shall be submitted directly to the Company at its seat in Zagreb, Roberta Frangeša Mihanovića 9, or sent to the Company by registered mail to the address: Hrvatski Telekom d.d., Roberta Frangeša Mihanovića 9, 10110 Zagreb.
11. The application for participation in the General Assembly shall be considered timely submitted if it is, in accordance with these Instructions, submitted or sent by mail to the Company by 24:00 hours on 17 April 2018, at the latest. The shareholders who have failed to apply for participation in the General Assembly correctly and in accordance with these Instructions or who have failed to attach to the application the documents provided under these Instructions shall not be entitled to participate in the General Assembly.
12. Pursuant to the Articles of Association of the Company, the General Assembly cannot pass valid decisions unless attended by the shareholders, in person or via proxy, representing more than half (50%) of the share capital of the Company (quorum). If the quorum will not be met, the General Assembly will be held at the same date with commencement at 18:00 hours, at the same venue, with the same agenda and will be able to pass valid decision notwithstanding to the amount of the capital represented. Given powers of authority are valid for this General Assembly as well.

Shareholder rights to ask questions, request amendments to the agenda, submit counterproposals and the right on information

13. The shareholders who intend to ask questions at the General Assembly regarding individual agenda items are hereby asked, for the purpose of an efficacious organization of the work of the General Assembly, to announce their intention in writing when submitting their application for participation in the General Assembly or during the registration of participants prior to the General Assembly at the latest and to indicate the agenda item which their question or proposal will refer to and the content of their question.
14. Shareholders who together hold a twentieth part of the share capital of the Company have the right to request, after the General Assembly is convened, that an additional item is included in the agenda and published, and while doing so, the new agenda item should be accompanied by an explanation or respective decision proposal. Shareholders deliver the requests to add new items to the agenda to the seat of the Company (Hrvatski Telekom d.d., Roberta Frangeša Mihanovića 9, 10110 Zagreb). In order for the amended agenda to be validly published according to the Companies Act, the request to add new items to the agenda has to be received by the Company at least 30 days prior to the day the General Assembly takes place, i.e., latest by 24 March 2018. This deadline does not include the day the request is received by the Company. In case the previously stated deadline is not observed the proposed additional items of the agenda would be considered as not validly published and no decision on them can be made at the General Assembly.
15. Shareholders have the right to submit counterproposals to the proposals submitted by the Management Board and/or Supervisory Board relating to the particular agenda item. Counterproposals, together with the names and surnames of shareholders, explanation and opinion by the Management Board if any, shall be reported to credit or financial institutions and to shareholder associations that voted on behalf of shareholders at the previous General Assembly and made available to shareholders on web pages of the Company (www.t.ht.hr), in case a shareholders submits his/her counterproposal to the seat of the Company (Hrvatski Telekom d.d., Roberta Frangeša Mihanovića 9, 10110 Zagreb), at least 14 days prior to the day the General Assembly takes place. The date counterproposal is received by the Company is not included in this 14 day deadline, which expires accordingly on 9 April 2018. In case the shareholder does not exercise this right, he shall still be entitled to make counterproposals at the General Assembly. The same applies to shareholders proposals regarding the election of the Supervisory Board Members or appointment of the auditor of the Company.
16. At the General Assembly, the Management Board is obliged to provide information about the Company operations to any shareholder at his/her request, in case this information is necessary to judge topics included on the agenda.
17. The materials for the General Assembly, when required so under the law, will be made available to the shareholders and for issuing of copies at the seat of the Company in Zagreb on every working day from the day on which the invitation to the General Assembly is published to the day of the General Assembly, from 10:00 to 14:00 hours. At the same date the materials for the General Assembly shall be published on web pages of the Company (www.t.ht.hr).

In Zagreb, 12 March 2018

Croatian Telecom Inc.

Contact:

Investor Relations:

Marina Bengez 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



Zagreb, 23 March 2018

SUPERVISORY BOARD MEMBER STEPS DOWN

Hrvatski Telekom d.d. announces that Supervisory Board Member, Dr. Oliver Knipping, Deutsche Telekom AG's (DT) representative on the Supervisory Board of Hrvatski Telekom d.d., has changed his business responsibilities within DT, and has submitted the resignation to his membership in the Supervisory Board, with effect as of closing of the 1st regular General Assembly of the Company in 2018, convoked for 24th April 2018.

Dr. Knipping has been Supervisory Board Member of the Company as of 2012.

Pursuant to the Company's Articles of Association, the Supervisory Board consists of nine members. Eight members are elected by the General Assembly and one is appointed by the Company's employees.

AMENDMENT TO THE GENERAL ASSEMBLY AGENDA

Pursuant to the request by Deutsche Telekom Europe B.V., shareholder of Hrvatski Telekom d.d. (hereinafter: "the Company") with a 51% ownership stake, representing 41,763,153 shares of the Company, the Agenda of the General Assembly of the Company, convoked for 24th April 2018 in Sky Office, Zagreb, Roberta Frangeša Mihanovića 9, at 10:00 hours, is being amended by inclusion of the new Agenda Item 6a:

"Decision on election of one additional Member of the Supervisory Board",

with the following Decision proposal:

Decision proposal:

"Mr. Tino Puch, Graduate Engineer (Dipl.-Ing.) of Communications Engineering, residing in Königswinter, Germany, is elected Member of the Supervisory Board of Hrvatski Telekom d.d., for the period of four (4) years. This decision shall come into effect on the day of its passing."

Mr. Tino Puch holds no membership in the Supervisory Boards and Boards of Directors of other companies.

Pursuant to Article 280 of the Companies Act, this amendment to the General Assembly Agenda was published on 23 March 2018 at the web site of the Court Register, at 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, and it is made available to the shareholders and for issuing of copies at the seat of the Company in Zagreb.

Contact:

Marina Bengez 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

DOLLY PREDOVIC

EDUCATION

- UCSC - Università' Cattolica del Sacro Cuore, Milan IT** **2017-2020**
- PhD in Higher Education Internationalisation
- Bocconi University, Milan, IT** **1984-1989**
- MSc in Finance
Final Dissertation: "Market Inefficiency and Opportunity for Investors: the Use of Stock Index Futures and of High Yield Bonds in the Generation of Excess Returns", 110/110 cum laude
 - BSc in Business Administration
- New York University, Stern School of Business, New York, USA** **1993**
- Visiting scholar

ACADEMIC WORK EXPERIENCE

- Bocconi University and SDA Bocconi School of Management, Milan, IT** **1989-2010**
- Scientific Director of the Master in Corporate Finance at SDA Bocconi *2007-2010*
 - Scientific Director of the Executive Master in Corporate Finance and Banking at SDA Bocconi *2005-2007*
 - Director of the International Executive Education project in SDA Bocconi *1997-2002*
 - Professor of Corporate Finance and Valuation, MBA, SDA Bocconi *1993-2010*
 - Professor of Corporate Finance and Valuation, MSc in Finance, Bocconi University *1993-2010*
 - Professor of Corporate Finance and Valuation, Executive MBA, SDA Bocconi *2005-2010*
 - Professor of Corporate Finance and Valuation, Master in Corporate Finance, SDA Bocconi *2000-2010*
 - Professor of Corporate Finance and Valuation, Master in International Economics and Management, SDA Bocconi *1991-2001*
 - Professor of Corporate Finance in Executive Programs, SDA Bocconi *1990-2010*
 - Professor of Mergers & Acquisitions, MSc in Finance, Bocconi University *2006-2010*
- IULM University, Milan, IT** **2008-2010**
- Adjunct professor of Brand Valuation Methodologies
- Zagreb School of Economics and Management, Zagreb, HR** **2002-2010**
- Member Academic Council
- University of Trieste, Trieste, IT**
- Tenured professor of Corporate Finance *1994-1997*
 - Adjunct professor of Corporate Finance *1991-1994*
- University of Maribor, Maribor, SLO** **1994**
- Professor of Corporate Finance at the Business School
- International Management Institute of Saint Petersburg, San Petersburg, RUS** **1992**
- Professor of Corporate Finance

BUSINESS WORK EXPERIENCE

- Honorary Consul of Montenegro, Milan, IT** **since 2015**
- Honorary Consul for Lombardia, Piemonte and Valle d'Aosta
- Hrvatski Telekom, Zagreb, HR** **since 2014**
- Member Supervisory Board
 - Member Compensation and Nomination Committee
- Career Paths, Milano, IT** **since 2013**
- Founder and CEO

DOLLY PREDOVIC

Hipotekarna Banka, Podgorica, ME

2012-2015

- Member Board of Directors

Pirelli RE, Milan, IT

2008

- Member Board of Directors
- Member of Internal Audit and Corporate Governance Committee

Podravska Banka, Koprivnica, HR

since 2000

- Member Supervisory Board

Chartered Accountant

since 1990

PERSONAL

- Date and place of birth: June 20th, 1966, Zagreb, Croatia
- Nationality: Italian
- Languages: Italian mother tongue, Croatian mother tongue, English fluent, German good, French basic

TINO PUCH

PROFESSIONAL EXPERIENCE

03.2016 - present Deutsche Telekom AG, Bonn

Technology Europe - VP Access and Customer Network Experience
Deputy of SVP Technology Europe

- Management of Fixed and Mobile Access Networks for DT EU affiliates
- Accountable for EU network sharing and spectrum acquisition projects
- Setup and Management of key efficiency programs in EU segment (e.g. INS)
- Line management for Access, Operations and Technical Service Team
- Member of Telekom Transformation Team (T³)

08.2014 – 02.2016 Deutsche Telekom AG, Bonn

Technology Europe - Executive Program Manager
Technology Europe - VP Access and Technical Service (acting)

- Management of Network Sharing Competence Center
- Development of sharing strategies and management of implementation projects
- Deputy of VP Access and Technical Service

01.2010 - 07.2014 Deutsche Telekom AG, Bonn

Technology Europe - Mobile Access

- Management of mobile access domain of European affiliates
- Establishment and leadership of international network sharing competence team
- Development of strategy / guidance for mobile networks in Europe
- Deputy of VP Access, Technical Service and Operations

01.2004 - 12.2009 T-Mobile International AG, Bonn

RN Systems Introduction

- Lead of NGMN Ltd. Trial Group
- Program manager for LTE trials in Europe
- CTO Silver Award for outstanding performance and achievement

RAN Systems Introduction

- Railnet project manager for Train-to-Land Connection
- CTO Gold Award for outstanding performance and achievement
- Release manager T-Mobile Hotspot

RAN Service Design

- Project manager for several RAN implementation projects

07.2001 - 12.2003 T-Mobile Deutschland GmbH, Bonn

Research und Trials

- Technology evaluation WLAN
- Product development T-Mobile Hotspot

02.1997 - 06.2001 SONY International (Europe) GmbH, Stuttgart

Telecommunication Research and Development Europe

- Project manager OFDM system design and implementation
- 26 patent applications – essential patents in WLAN standards

Internships

06.1996 - 02.1997 Technische Universität Dresden, Dresden

Scientific Assistant at Institute of Communications Engineering

10.1995 - 03.1996 Pennsylvania State University, State College (PA)

Applied Research Lab „Integrated Predictive Diagnostics“

08.1994 - 09.1994 DeTeMobil GmbH, Bonn

03.1995 - 04.1995 Base station planning guide for D1 GSM-network

Education

10.1991 - 02.1997 Technische Universität Dresden, Dresden

Study of Electrical Engineering / Communication Engineering
Degree: Dipl.-Ing. Nachrichtentechnik “Good”

09.1988 - 08.1990 Extended Secondary School, Königs Wusterhausen

Leaving certificate: Abitur, „Passed with distinction“

09.1978 - 08.1988 Polytechnical School II Zeuthen, Zeuthen

Leaving certificate: „Passed with distinction“

Civil Service

09.1990 - 09.1991 II. Nachrichten Betriebsbataillon, Niederlehme

Languages and other qualifications

German mother tongue
English fluent

Strong intercultural working skills and experience
Strong negotiation and presentation skills
Strong analytical and conceptual skills
Project Management senior expert level



Zagreb, 10 April 2018

COUNTERPROPOSALS TO THE DECISION PROPOSALS FOR THE GENERAL ASSEMBLY

Enclosed to this Notification, Hrvatski Telekom d.d. (hereinafter referred to as "the Company") publishes four shareholders' counterproposals to the decision proposals on the agenda of the General Assembly of the Company, convoked for 24 April 2018.

- Counterproposal from Splitska banka d.d., depositary on behalf and for the account of the client, to the decision proposal under item 3 of the agenda.
- Counterproposal from Darko Tomrlin, to the decision proposals under items 4 and 5 of the agenda.
- Counterproposal from Raiffeisen društvo za upravljanje obveznim i dobrovoljnim mirovinskim fondovima d.d., on behalf and for the account of funds it manages, to the decision proposal under item 3 of the agenda.
- Counterproposal from PROGLAS 2017 j.d.o.o., to the decision proposal under item 3 of the agenda.

Pursuant to Article 282 of the Companies Act, these shareholders' counterproposals are published on 10 April 2018 on the web site of the Company (www.t.ht.hr) and are delivered the same day to the Zagreb Stock Exchange, to the Official Register of Proscribed Information, and are made available to the shareholders and for issuing of copies at the seat of the Company in Zagreb.

Contact:

Marina Bengez 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

Received: 09.04.2018

Croatian Telecom Inc.
Roberta Frangeša Mihanovića 9
10 000 Zagreb

COUNTERPROPOSAL
for the agenda of the General Assembly

Shareholder: **SPLITSKA BANKA D.D. for the joint custody account no: 8911975 with the SKDD d.d.**
Domovinskog rata 61
21000 Split

SPLITSKA BANKA D.D., acting as depository for the client managed at the joint custody account no: 8911975 with the SKDD d.d. in the name Splitska banka d.d., in the name and on behalf of the client submits the counterproposal for the agenda of the General Assembly of the company Croatian Telecom Inc. to be held on 24th April 2018, and related to Agenda item 3 of the General Assembly of the shareholders of the company Croatian Telecom Inc., and the following counterproposal is hereby proposed:

Ad 3) The Management Board and the Supervisory Board of the Company propose to the General Assembly to adopt the following decision:

“Decision on utilization of profit for the year 2017

1. It is determined that Croatian Telecom Inc. in the business year ending with 31 December 2017 realized net profit in the amount of HRK 841,265,803.70.

Net profit amount stated herein shall be used accordingly:

- A part of net profit in the amount of HRK 841,201,659.20 shall be paid out as dividend to shareholders, in the amount of HRK 10.30 per share.
- A part of net profit in the amount of HRK 64,144.50 shall be allocated to retained earnings.

2. Dividend referred to under Item 1 hereof shall be paid out to all shareholders that are registered as shareholders at the Central Depository & Clearing Company (SKDD) on May 9th, 2018 (record date). Date on which security of Croatian Telekom Inc. will be traded without dividend payment right is May 8th, 2018 (ex date). Dividend payment claim matures on May 21st, 2018 (payment date).

3. This Decision comes into force as of the day of its passing”.

Explanation

- Continued accumulation of cash, cash equivalents and financial assets in the balance sheet of Croatian Telecom Inc. (hereinafter: “the Company”) leads to sub-optimal capital structure which directly decreases Return On Equity (ROE). Furthermore, the drop in ROE and in dividend yield negatively influences the share price performance.
- By comparing the balance in cash, cash equivalents and financial assets of the Company with other comparable companies, it can be observed that comparable companies hold significantly lower levels of cash assets in their balance sheets in relation to total assets. Median for comparable companies indicates

Splitska banka d.d.
Domovinskog rata 61, 21000 Split, Hrvatska

Phone: + 385 (0)21 304 304, Fax: + 385 (0)21 304 034
Web: www.splitskabanka.hr, e-mail: info@splitskabanka.hr

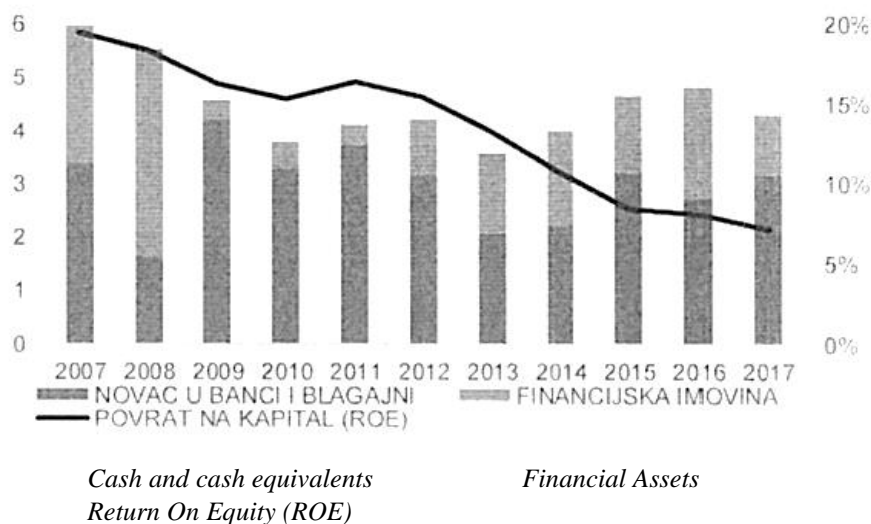
MB: 03129241, Personal identification number (OIB): 69326397242
Company registration number (MBS): 060000488, Commercial Court in Split,
IBAN: HR24 2330 0031 0000 0001 3

Equity capital: HRK 143,445,300.00 fully paid,
Total number of issued shares: 9 914 258 ordinary shares issued, nominal share price: HRK 100
President of the Management Board: Slaven Celić
Members of the Management Board: Zvonimir Akrap, Balázs Balogh, Balázs Olchváry
Procurator: Tomislav Krpan
Chairman of the Supervisory Board: Dr. Antal Pongrácz

that cash, cash equivalents and financial assets comprise 3.0% of their total assets, while this ration in the Company amounts to 27.3% (comparable companies observed are Hellenic Telecommunications Organization S.A., Magyar Telekom Nyrt, Orange Polska S.A., Telecom Italia S.p.A., A1 Telekom Austria AG and Telekom Slovenije d.d.).

- Moreover, by comparing the geographically closest telecom companies with Croatian Telecom, namely Telekom Slovenije and Magyar Telekom which is also owned by Deutsche Telekom, it can be seen that their dividend yield in the year 2017 amounted to app. 6%.
- Given that the Company generates sufficient cash flow from its regular business operations for the financing of capital investments foreseen in the published business outlook for the year 2018, and in case of substantial acquisition it has the option to partially finance it through a debt arrangement, we find that the Company has the ability to adopt the dividend policy that foresees the pay-out of 100% of its net profit.
- Furthermore, it should be noted that that the Company acquisitions made so far have yet to show satisfactory return levels for shareholders, given that in the year 2017 the Company realized the unconsolidated net profit in the amount of HRK 841.3 million, while on the consolidated level somewhat lower amount of HRK 804.2 million was realized.
- The proposed dividend amount of HRK 10.30 per share is based on the proposal that the Company pays out the total unconsolidated net profit generated in the year 2017. The remaining part proposed to be allocated to retained earnings is a result of rounding down the dividend amount to the first lower amount in lipa's.

Chart 1) Trend of cash, cash equivalents and financial assets and of Return On Equity (in HRK billion; %)



Source: Croatian Telecom, Bloomberg, InterCapital Asset Management

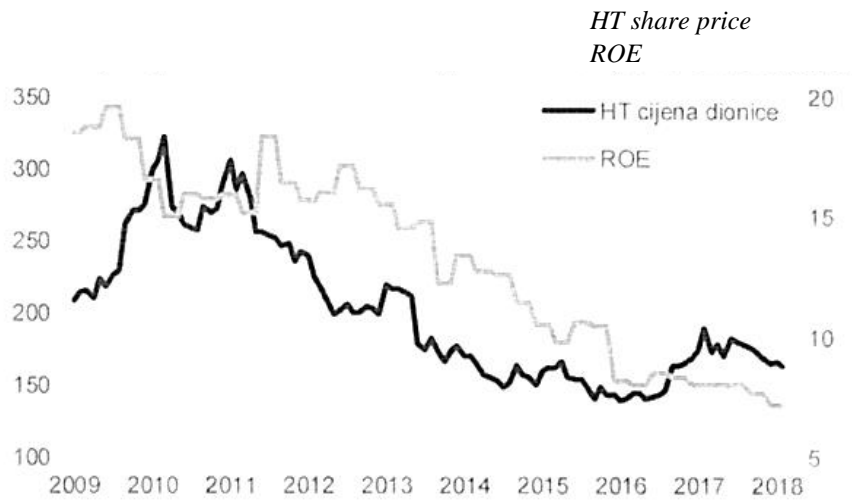
Splitska banka d.d.
Domovinskog rata 61, 21000 Split, Hrvatska

Phone: + 385 (0)21 304 304, Fax: + 385 (0)21 304 034
Web: www.splitskabanka.hr, e-mail: info@splitskabanka.hr

MB: 03129241, Personal identification number (OIB): 69326397242
Company registration number (MBS): 060000488, Commercial Court in Split,
IBAN: HR24 2330 0031 0000 0001 3

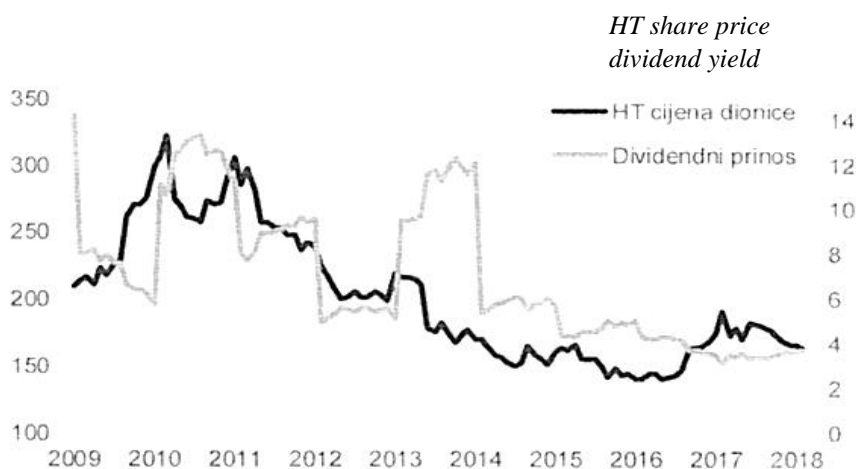
Equity capital: HRK 143,445,300.00 fully paid,
Total number of issued shares: 9 914 258 ordinary shares issued, nominal share price: HRK 100
President of the Management Board: Slaven Celić
Members of the Management Board: Zvonimir Akrap, Balázs Balogh, Balázs Olchváry
Procurator: Tomislav Krpan
Chairman of the Supervisory Board: Dr. Antal Pongrácz

Chart 2) Trend of Croatian Telecom share price performance and of Return On Equity (HRK; %)



Source: Croatian Telecom, Bloomberg, InterCapital Asset Management

Chart 3) Trend of Croatian Telecom share price performance and of dividend yield (HRK; %)



Source: Bloomberg, InterCapital Asset Management

It is proposed to the General Assembly to adopt this counterproposal, and the Chairman of the General Assembly is hereby invited to submit this counterproposal to the shareholders for voting prior to the decision making on the proposal by the Management Board and the Supervisory Board.

Splitska banka d.d.
Domovinskog rata 61, 21000 Split, Hrvatska

Phone: + 385 (0)21 304 304, Fax: + 385 (0)21 304 034
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MB: 03129241, Personal identification number (OIB): 69326397242
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Members of the Management Board: Zvonimir Akrap, Balázs Balogh, Balázs Olchváry
Procurator: Tomislav Krpan
Chairman of the Supervisory Board: Dr. Antal Pongrácz

Counterproposal is submitted on behalf of:

- **5,249,697** regular shares of the company Croatian Telecom Inc. identification code HT-R-A, ISIN: HRHT00RA0005 (under the name of joint custody account no: 8911975 with the SKDD)

Shareholder: SPLITSKA BANKA D.D., Domovinskog rata 61, 21000 Split, OIB: 69326397242, acting as depository in the name and on behalf of the client managed at the joint custody account no: 8911975 with the SKDD.

Zagreb, 9 April 2018

Signature

Martina Martek
Securities Services Department Director

Stamp with the following text
splitska banka d.d.
otp group
Split, ul. Domovinskog rata 61
0228/1

Splitska banka d.d.
Domovinskog rata 61, 21000 Split, Hrvatska

Phone: + 385 (0)21 304 304, Fax: + 385 (0)21 304 034
Web: www.splitskabanka.hr, e-mail: info@splitskabanka.hr

MB: 03129241, Personal identification number (OIB): 69326397242
Company registration number (MBS): 060000488, Commercial Court in Split,
IBAN: HR24 2330 0031 0000 0001 3

Equity capital: HRK 143,445,300.00 fully paid,
Total number of issued shares: 9 914 258 ordinary shares issued, nominal share price: HRK 100
President of the Management Board: Slaven Celić
Members of the Management Board: Zvonimir Akrap, Balázs Balogh, Balázs Olchváry
Procurator: Tomislav Krpan
Chairman of the Supervisory Board: Dr. Antal Pongrácz

Darko Tomrlin
Bistrička 8
10360 Sesvete

Hrvatski Telekom d.d.
Roberta Frangeša Mihanovića 9
10 110 Zagreb
Management Board of Hrvatski Telekom d.d.

In Zagreb, 5th April 2018

SUBJECT: Counterproposal for giving approval of actions to the Management Board of Hrvatski Telekom and to the Supervisory Board

Pursuant to Article 282, Paragraph 1 of the Companies Act (Official Gazette, Nos. 111/93, 34/99, 121/99, 52/00, 118/03, 107/07, 146/08, 137/09, 125/22, 152/11, 111/12, 68/13 and 110/15), and pursuant to Item 15 of the Invitation and instruction to shareholders for participation at the General Assembly, as of 12th March 2018, I, Darko Tomrlin, Bistrička 8, 10 360 Sesvete, OIB: 23116288270, as owner of 74 shares, held at the account number 6628672 with the SKDD, hereby submit the Counterproposal to Agenda Items 4 and 5 of the General Assembly of Hrvatski Telekom, to be held on 24th April 2018.

The Counterproposal states as follows:

I. Ad 4 “The approval of actions is not given to the Members of the Management Board for the business year 2017”.

I. Ad 5 “The approval of actions is not given to the Members of the Supervisory Board for the business year 2017”.

STATEMENT OF REASONS FOR COUNTERPROPOSAL

Ad.4 The approval of actions is not given to the Members of the Management Board

By the final verdict from 2017 it has been confirmed that Renata Preglej Garić, Shops Sales Sector Director, appointed directly by the Management Board during the whole years 2015 and 2016, has been conducting **multiple, extended and severe discrimination**, resulting in **permanent mental illnesses**. The reputation of HT has also been substantially impaired, since this news has become publicly wide known as a unique precedent. **Representatives in EU Parliament** have also become interested in this case.

Among other things, in the final verdict it has been determined that all these and other unlawful actions have been brought, verbally as well as in writing multiple times, to the attention of the Management Board and of the Supervisory Board, and to Davor Tomašković and Nataša Rapačić personally, all of whom choose not to react. Given that by analysis of court-appointed expert and by final verdict it has been confirmed that the **severe illness** is in direct causality with the harmful and unlawful actions by the employer, in line with article 125 paragraph 1 of the Criminal Act/11, criminal charges were also filed at the State Attorney Office against responsible parties, for their actions, and for the lack thereof, which also constitutes a criminal offence. The verdict also determined that a subsequent reorganization has been approved, all for the apparent purpose of concealing unlawful actions previously committed within the Franchise Section, Shops Sales Sector.

Two other ex-workers of HT have found themselves in the similar situation, and they are engaged in court proceedings of the same nature. Given that there are 10 court proceedings in total, **the damage to shareholders from such unlawful actions** might amount to HRK one million.

The results of the work of the Management Board in the Shops Sales Sector, are among others, as follows:

- **10 unnecessary court cases** in which discrimination has already been finally proven
- dismissals of competent workers who have been forced to work as instructed by persons appointed by the Shops Sales Sector Director (with the knowledge of the Management Board), and these newly appointed persons were lacking adequate expertise and knowledge (for example, newly appointed executive with secondary education and no experience giving orders to Master of Sciences with 8 years of experience)
- constant reorganizational changes
- continuous dissatisfaction of HT workers since expertise and knowledge are not criteria for promotion
- misdemeanor proceedings against HT for discrimination.

Above described infringement of duty to manage the company by acting with due care of the prudent and conscientious business person, in the 10 court cases alone, could result in multi-million damages for HT for which, in accordance with article 252 of the Companies Act the Management Board is liable for with personal assets. Furthermore, misdemeanor proceedings against HT for discrimination are in progress, for which a fine is stipulated in the amount of HRK 300,000. All this does not include the possible reputational risk, damage within the Shops Sales Sector for leading a poor business and personnel policy, and the effect of loss of profit still remains to be assessed.

This manner of work of the Management Board is neither in line with the Corporate Governance Code, nor with article 252 of the Companies Act (care of the prudent and conscientious business person) or with the Articles of Association of HT. All of the listed reasons have to be heard and discussed at the Assembly, following the argumentation of the Chairman of the General Assembly from the year 2016, that legal validity has to be fulfilled in order to discuss this issue, which has occurred in 2017.

In conclusion, from the perspective of shareholder, the question must be asked whether such unlawful actions, left unaddressed by the Management Board and the Supervisory Board, possibly constitute a “silent” policy of the majority owner Deutsche Telekom, who has also been made familiar with all the facts, and if this should be the case, they are in the interest of profit, but where does that leave the interest of workers, shareholders, the State, as well as over 10,000 dismissed workers.

Ad.5 The approval of actions is not given to the Members of the Supervisory Board

The Supervisory Board has been warned during 2015, 2016 and 2017 on all unlawful actions committed by HT Management Board in the Shops Sales Sector, by protecting Renata Preglej Garić, appointed directly by the Management Board, who has committed severe and long-lasting discrimination towards workers, resulting in their mental illnesses.

The Supervisory Board has failed to express any views on multiple HT shareholder petitions and workers petitions who submitted 20 or so letters addressed to various Supervisory Board Members.

Moreover, at the previous Assembly held in 2017, the Supervisory Board became aware of all the facts that are now determined by final court verdict, but again failed to do anything.

The Supervisory Board is obliged to request from the Management Board to report on issues pertaining to the business operations of the Company, in particular when the Management Board is conducting a personnel policy which results in unlawful actions and workers' illnesses. This undermines HT's reputation and worker productivity, which constitutes the violation of article 252 of the Companies Act, of the Articles of Association of HT and of the Corporate Governance Code.

In relation therewith, the Supervisory Board has failed to conduct a detailed analysis and hold the Management Board accountable for the lack of actions that may result in multi-million damages for HT, while also posing an indirect threat of reputational risk damage. Workers' motivation is also being put under question by such a policy, and there is also the issue of **loss of profit in relation to the competition by such poor personnel decisions.**

In conclusion for the counterproposals:

Based on all above stated, it is proposed to the General Assembly to adopt both counterproposals, and the Chairman of the General Assembly is invited to submit both counterproposals to shareholders for voting prior to decision making on the proposal by the Management Board and the Supervisory Board.

It is also proposed to HT to make a sufficient number of copies of attachments hereto for all participants at the Assembly, at the cost of the Company, given that the discussion on this issue is important for the Company. If this is not fulfilled, the shareholder himself shall provide a sufficient number of copies for a clearer overview of the subject.

Attachments:

- ***Final and executable verdict of the Appellation Court***
 - o *Letters to the Management Board on unlawful actions*
 - o *E-mail correspondence between the director appointed by the Management Board and the worker, and the e-mail showing that the relief of me and my colleagues from duty in October 2014 **has been arranged in advance***
 - o *E-mail sent to the Compliance section, due to failure to provide the report on the complete case that was compiled for the Management Board*
 - o *Analysis of the court-appointed medical expert on the illnesses*
- *Letters to the Supervisory Board*

Yours sincerely,

Darko Tomrlin, shareholder

(Signature)

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Raiffeisen
MIROVINSKI FONDOVI

Received: 05.04.2018

Croatian Telecom Inc.
Roberta Frangeša Mihanovića 9
10 110 Zagreb

Zagreb, 5 April 2018
Reference number: 2018-IP-191

Subject: Counterproposal to decision proposal of the General Assembly

Dear Sir/Madame,

Pursuant to provisions of the Companies Act and instructions in the Invitation and to the General Assembly of Croatian Telecom Inc., to be held on 24th April 2018, enclosed to this letter we are delivering the counterproposal to decision proposal under item Ad.3 of the agenda with pertaining explanation.

Sincerely yours,

Raiffeisen Mandatory and Voluntary Pension Funds Management Company d.d.

Signature

Gordan Šumanović, Management Board Member

Signature

Mladen Latković, Procurator

Stamp with the following text
Raiffeisen
MIROVINSKO DRUŠTVO
Raiffeisen društvo za upravljanje obveznim i
dobrovoljnim mirovinskim fondovima d.d.
Zagreb, Petrinjska 59

Raiffeisen društvo za upravljanje obveznim i dobrovoljnim mirovinskim fondovima d.d. • HR – 10000 Zagreb, Petrinjska 59 • Phone: 01/6003-900 • Fax: 01/6003-925 • Commercial Court in Zagreb, company registration number (MBS): 080406381 • Personal identification number (OIB): 14148900600 • IBAN: HR5524840081100231365 with Raiffeisenbank Austria d.d. • Equity capital of HRK 143,445,300.00 fully paid, total number of shares: 1,434,453, nominal share price: HRK 100 • Management Board: Damir Grbavac, President of the Management Board, Eva Horvat, Member of the Management Board, Gordan Šumanović, Member of the Management Board • Supervisory Board: Anton Starčević, President

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Raiffeisen
MIROVINSKI FONDOVI

CROATIAN TELECOM Inc.
Roberta Frangeša Mihanovića 9
10 110 Zagreb

Zagreb, 5 April 2018
Reference number: 2018-IP-191

Subject: Shareholders counterproposal

Pursuant to Article 282 of the Companies Act, RAIFFEISEN Mandatory and Voluntary Pension Funds Management Company d.d., in the name and on behalf of the following pension funds:

1. Raiffeisen obvezni mirovinski fond kategorija A;
2. Raiffeisen obvezni mirovinski fond kategorija B;
3. Raiffeisen dobrovoljni mirovinski fond;
4. Zatvoreni dobrovoljni mirovinski fond Ericsson Nikola Tesla;
5. Zatvoreni dobrovoljni mirovinski fond Hrvatskog liječničkog sindikata;
6. Zatvoreni dobrovoljni mirovinski fond Novinar;
7. Zatvoreni dobrovoljni mirovinski fond T-HT;
8. Zatvoreni dobrovoljni mirovinski fond Sindikata hrvatskih željezničara;
9. Raiffeisen zatvoreni dobrovoljni mirovinski fond,

together holding 7,670,378 ordinary shares with voting rights, representing 9.39% of the issued share capital and the same number of votes at the General Assembly of Croatian Telecom Inc., hereby submits the following

COUNTERPROPOSAL

to decision proposal under item Ad.3 of the agenda of the General Assembly CROATIAN TELECOM Inc., convoked for 24 April 2018

Ad 3) The Management Board and the Supervisory Board of the Company propose to the General Assembly to adopt the following decision:

1. "It is determined that Croatian Telecom Inc. in the business year ending with 31 December 2017 realized net profit in the amount of HRK 841,265,803.70.

Net profit amount stated herein shall be used accordingly:

- The whole amount of the unconsolidated net profit in the amount of HRK 841,265,803.70 shall be paid out as dividend to shareholders, in the amount of HRK 10.30 per share.
 - A part of net profit from the year 2017 in the amount of HRK 64,144.50 shall be allocated to retained earnings.
2. From the retained earnings from previous years, amounting to HRK 1,112,524,837, the Company shall pay out dividend in the amount of HRK 927,771,927.04, i.e., HRK 11.36 per share.

Raiffeisen društvo za upravljanje obveznim i dobrovoljnim mirovinskim fondovima d.d. • HR – 10000 Zagreb, Petrinjska 59 • Phone: 01/6003-900 • Fax: 01/6003-925 • Commercial Court in Zagreb, company registration number (MBS): 080406381 • Personal identification number (OIB): 14148900600 • IBAN: HR5524840081100231365 with Raiffeisenbank Austria d.d. • Equity capital of HRK 143,445,300.00 fully paid, total number of shares: 1,434,453, nominal share price: HRK 100 • Management Board: Damir Grbavac, President of the Management Board, Eva Horvat, Member of the Management Board, Gordan Šumanović, Member of the Management Board • Supervisory Board: Anton Starčević, President



3. Dividend referred to under Items 1 and 2 hereof amounts to HRK 21.66 per share in total, and it shall be paid out to all shareholders that are registered as shareholders at the Central Depository & Clearing Company (SKDD) on May 9th, 2018 (record date). Date on which security of Croatian Telekom Inc. will be traded without dividend payment right is May 8th, 2018 (ex date). Dividend payment claim matures on May 21st, 2018 (payment date).
4. This Decision comes into force as of the day of its passing”.

Explanation

Raiffeisen Mandatory and Voluntary Pension Funds Management Company d.d., in the name and on behalf of the funds under its management, finds the balance sheet structure of Croatian Telekom Inc. (hereinafter: “the Company”) sub-optimal and that such balance sheet structure is not in the interest of Company shareholders for the following reasons:

- The Company still holds inappropriately high amounts in the cash and cash equivalents category for a period of several years.
- Although a positive shift in the business strategy can be observed, towards utilizing high cash levels for capital expenditures, acquisitions and Share Buyback Programme, from the published business outlook for the year 2018, we conclude there is no need for a liquidity reserve on the current level. We deem that capital expenditures, investments and Share Buyback Programme for future periods can be financed by generated cash flows and significant surplus of liquid assets above retained earnings. Proposed reduction of the currently high liquidity reserve shall not influence the investment potential of the Company.
- Taking into consideration the size of the balance sheet, the Company is still almost debtless, the result of which is an inappropriately high average capital cost for the Company (from the shareholders’ point of view), especially considering the circumstances in which debt security interests are still at their historically lowest levels.
- We find that even after adopting this proposal, the Management Board of the Company would still have enough room for further implementing the acquisition of Company shares in compliance with the decision under item Ad.7 adopted at the General Assembly of the Company held on 21st April 2016, what we deem to be in the interest of the Company and its shareholders.
- The proposed dividend amount of HRK 21.66 per share is based on the proposal that the Company pays out the total unconsolidated net profit generated in the year 2017 as well as the larger portion of the of retained earnings from previous years, taking into account the reduction of retained earnings the Company is carrying out due to Share Buyback Programme. The remaining part proposed to be allocated to retained earnings is a result of rounding down the dividend amount to the first lower amount in lipa’s.
- We point out that the generated consolidated profit of the Company is higher than the unconsolidated profit stated herein, and on the grounds thereof the Company would have room to pay out an even higher dividend amount than proposed hereby, that being for the year 2017 alone.

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Raiffeisen
MIROVINSKI FONDOVI

RAIFFEISEN Mandatory and Voluntary Pension Funds Management Company d.d.

Signature

Gordan Šumanović, Management Board Member

Signature

Mladen Latković, Procurator

Stamp with the following text

Raiffeisen

MIROVINSKO DRUŠTVO

Raiffeisen društvo za upravljanje obveznim i
dobrovoljnim mirovinskim fondovima d.d.
Zagreb, Petrinjska 59

Raiffeisen društvo za upravljanje obveznim i dobrovoljnim mirovinskim fondovima d.d. • HR – 10000 Zagreb, Petrinjska 59 • Phone: 01/6003-900 • Fax: 01/6003-925 • Commercial Court in Zagreb, company registration number (MBS): 080406381 • Personal identification number (OIB): 14148900600 • IBAN: HR5524840081100231365 with Raiffeisenbank Austria d.d. • Equity capital of HRK 143,445,300.00 fully paid, total number of shares: 1,434,453, nominal share price: HRK 100 • Management Board: Damir Grbavac, President of the Management Board, Eva Horvat, Member of the Management Board, Gordan Šumanović, Member of the Management Board • Supervisory Board: Anton Starčević, President

Received: 28.03.2018

PROGLAS 2017 j.d.o.o.

10000 Zagreb, Palmotićeveva 60
OIB HR52028463602 MB 4812077
tel 01 5807888 fax 01 5807978
gsm 099 6000620

HRVATSKI TELEKOM D.O.O.

Roberta Frangeša Mihanovića 9, 10110 Zagreb

Subject: COUNTERPROPOSAL FOR THE SHAREHOLDERS GENERAL ASSEMBLY

Pursuant to Article 282 of the Companies Act (Official Gazette, Nos. 111/93, 34/99, 121/99, 52/00, 118/03, 107/07, 146/08, 137/09, 125/22, 152/11, 111/12, 68/13 and 110/15), in relation to the shareholders General Assembly convoked on 24th April 2018, at 10:00 hours, regarding the proposed Agenda Item 3 "Decision on the utilization of profit", Proglas 2017 j.d.o.o. as shareholder of Hrvatski Telekom d.d. we submit a counterproposal to the proposed Agenda Item 3 and we propose that the shareholders General Assembly adopts the following

Decision on utilization and distribution of profit

1. It is determined that Hrvatski Telekom d.d. in the business year ending with 31 December 2017 realized net profit in the amount of HRK 841,265,803.70. Net profit from the year 2017 in the total amount of HRK 841,265,803.70 and HRK 547,125,284.30 of retained earnings from previous years shall be paid out as dividend to shareholders, in the amount of HRK 17.00 per share in a way that to each shareholder who is entitled to an amount exceeding HRK 247,500.00 shall be transferred for each amount of HRK 247,500.00 thirty three (33) bonds issued by Deutsche Telekom International Finance B.V. Stationsplein 8 K, 6221 BT Maastricht, The Netherlands marked ISIN:XS1543033242, held by Hrvatski Telekom d.d., and the remainder as well to those shareholders who are entitled to an amount below HRK 247,500.00, the share in profit shall be paid out in money.
2. The share in profit to be distributed belongs to shareholders that are registered as shareholders at the Central Depository & Clearing Company (SKDD) on May 9th, 2018 (record date). Date on which security of Hrvatski Telekom d.d. will be traded without dividend payment right is May 8th, 2018 (ex date).
3. The Management Board of Hrvatski Telekom d.d. is entrusted to enable latest by 21st May 2018 in the company headquarters the takeover of documents for shareholders who are entitled to distribution of profit in bonds issued by Deutsche Telekom International Finance B.V. marked ISIN:XS1543033242 in order to be transferred to their name. Each shareholder who is entitled to distribution of profit in the amount of at least HRK 7,500.00 is entitled to request that for each HRK 7,500.00 one bond issued by Deutsche Telekom International Finance B.V. marked ISIN:XS1543033242 is distributed, of which they have to notify the company latest until 14th May 2018 by 15:00 hours. Claim for profit share distribution by payment in money matures on May 21st, 2018 (payment date).
4. This Decision shall enter into effect as at the day of its passing.

Explanation

Proposed distribution of profit partially in securities – bonds issued by Deutsche Telekom International Finance B.V. marked ISIN:XS1543033242 held by Hrvatski Telekom d.d. and partially in money would reduce the exposure of assets of Hrvatski Telekom d.d. towards Deutsche Telekom International Finance B.V., and the proposed decision complies with formal requirements for its passing as it is not in collision neither with the Articles of Association of Hrvatski Telekom d.d. nor with the Companies Act.

PROGLAS 2017 j.d.o.o. ZAGREB

Signature

Director Hrvoje Šimić

Stamp with the following text:

PROGLAS 2018 j.d.o.o.
ZAGREB Palmotićeveva 60

In Zagreb 27th March 2018
Reference number 18-1634/18-60/04