

Belgrade, Takovska 2

Translation

Number:419567/1-2013

Date: 18 December 2013

**NOTIFICATION ON THE PROCEDURE AND METHOD OF
PAYMENT OF INTERIM DIVIDEND**

We hereby notify the shareholders of the Telecommunications Company Telekom Srbija a.d. Beograd (hereafter: Company) who were registered as legal holders of the Company's shares in the Central Securities Depository and Clearing House as at 8 December 2013, that the Company will, pursuant to General Meeting Decision No.419418/4-2013 of 18 December 2013 and Executive Board Decision No. 419488/2-2013 of 18 December 2013, effect the payment of the interim dividend in the total amount of RSD 7,571,846,498.00 i.e. in gross amount of RSD 9,4648 per share.

The interim dividend of the Company's shareholders shall be paid out in as follows:

- 1) To the Republic of Serbia as a shareholder – by paying funds from the Company's account in keeping with the instructions passed by the relevant bodies of the Republic of Serbia,
- 2) To all other shareholders of the Company – through the Central Securities Depository and Clearing House on 27 February 2014 on completing the necessary preparatory activities before the funds are credited to the said account.

Issuer: Telekom Srbija a.d. Beograd

ID number: 17162543

ISIN number: RSTLKME93718

CFI with: ESVUFR

Share type: Ordinary shares

Number of shares: 1,000,000,000

Gross amount of interim dividend per share: RSD 9.4648

Total gross amount of the interim dividend for the Company's shareholders who receive payment through Central Securities Depository and Clearing House is: RSD 2,071,874,353.00.

The total net amount of the interim dividend for the Company's shareholders who receive payment through the Central Securities Depository and Clearing House is: RSD 1,761,094,215.00.

The payment of the interim dividend to the Company's shareholders who receive payment through the Central Securities Depository and Clearing House shall be effected in the following net amounts:

Local individuals:

- who possessed a total of 218,902,228 shares on 8 December 2013 as a dividend day – in the net amount of RSD 8.0451 per share

Local legal entities:

- who possessed a total of 715 shares on 8 December 2013 as a dividend day, in the net amount of RSD 9.4648 per share

The payment of interim dividend that is effected through the Central Securities Depository and Clearing House shall be effected to the special-purpose monetary accounts of the Company's shareholders, through the members of the Central Securities Depository and Clearing House with which the Company's shareholders have opened proprietary securities accounts.

The payment of interim dividend to the Company's shareholders - citizens who were awarded shares shall be effected as follows:

- for the shareholders who opened a proprietary and monetary account for trading in shares, the payment shall be made to such special-purpose account,
- the shareholders who failed to open their proprietary and monetary account for trading in shares until the dividend day i.e. before 8 December 2013 may draw the amount of interim dividend they are entitled to at the counters of post offices or branch offices of Banka Poštanska Štedionica a.d. Beograd.

As for the Company's shareholders who were awarded shares as employees or former employees, the payment of interim dividend shall be made as follows:

- for the shareholders who opened a proprietary and monetary account for trading in shares, the payment will be made to such special-purpose account,
- the shareholders who failed to open their proprietary and monetary account for trading in shares until the dividend day i.e. before 8 December 2013, may draw the amount of interim dividend they are entitled to in person, at the counters of the branch offices of Vojvođanska Banka a.d. Novi Sad, the Company's corporate agent.

The commission charged by the Central Securities Depository and Clearing House against the payment of interim dividend shall be paid by the Company.

Sincerely yours,

TELEKOM SRBIJA a.d. BEOGRAD

DIRECTOR GENERAL

Predrag Ćulibrk /signed/