

Telekom Srbija

Joint Stock Telecommunications Co.

Belgrade, Takovska 2

Translation

No: 267622/1-2016

Date: 12 July 2016

NOTIFICATION ABOUT THE PROCEDURE AND MANNER OF PAYMENT OF DIVIDEND

We hereby notify the shareholders of Telecommunications Company Telekom Srbija a.d. Belgrade (hereafter: Company) who were registered as legal holders of the Company's shares in the Central Securities Depository and Clearing House as at 19 June 2016, that the Company will, pursuant to Supervisory Board Decision no. 249003/6-2016 of 29 June 2016 and Executive Board decisions no. 249204/1-2016 of 29 June 2016 and no. 264885/3-2016 of 12 July 2016, effect the payment of dividend in the total gross amount of RSD 12,256,000,000.00 dinars i.e. in the gross amount of RSD 15.32 per share.

The dividend shall be paid out to the Company's shareholders on 20 July 2016 in the following manner:

- 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.

Issuer: Telekom Srbija a.d. Belgrade

ID number: 17162543

ISIN number: RSTLKME93718

CFI with: ESVUFR

Share type: Ordinary shares

Number of shares: 1,000,000,000

Gross amount of the interim dividend per share: RSD 15.32

The total gross amount of dividend for the Company's shareholders who receive payment through the Central Securities Depository and Clearing House is: RSD 3,353,592,198.20.

The total net amount of dividend for the Company's shareholders who receive payment through the Central Securities Depository and Clearing House is: RSD 2,434,212,813.88.

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 218.885.373 shares on 19 June 2016 as dividend day – in the net amount of RSD 13.02 per share (rounded up to two decimals)

Foreign individuals:

- Who possessed a total of 16,797 shares on 19 June 2016 as dividend day, in the net amount of RSD 13.02 per share (rounded up to two decimals).

Local legal entities:

- who possessed a total of 715 shares on 19 June 2016 as a dividend day, in the net amount of RSD 15.32 per share.

The payment of dividend that is effected through the Central Securities Depository and Clearing House shall be effected to 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 dividend to the Company's shareholders, who were awarded their shares as citizens, shall be effected 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 dividend day i.e. before 19 June 2016 may draw the amount of the dividend they are entitled to in person, at the counters of post offices or branch offices of the Postal Savings Bank a.d. Belgrade.

As for the Company's shareholders who were awarded the shares as employees or former employees, the payment of 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 dividend day i.e. before 19 June 2016, may draw the amount of the 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 dividend shall be paid by the Company.

Yours sincerely,

DIRECTOR GENERAL

Predrag Ćulibrk /signed/