



**Material for the 19th General Meeting of Shareholders
of the ISTRABENZ Holding company**

April 2012

INFORMATION FOR THE SHAREHOLDERS

1. Total number of shares and voting rights as of the day of the convocation of the General Meeting of Shareholders;

As of the day of the convocation of the General Meeting of Shareholders, the Company holds 5,180,000 ordinary registered no-par-value shares. As provided by law, each share grants to its holder one vote at the General Meeting of Shareholders. As of the day of convocation of the General Meeting of Shareholders, the Istrabenz Holding Company holds 978 own shares with no voting rights.

2. Information on additional items of the agenda;

Shareholders whose total interest accounts for one-twentieth of the subscribed capital may request in writing that an additional item be placed on the agenda. The request must be accompanied in writing by a proposed resolution to be decided upon by the General Meeting of Shareholders or, if the General Meeting of Shareholders will not adopt a resolution on an individual agenda item, an explanation of that item. The request must be sent to the Company within seven days at the latest following the publication of the convocation of the General Meeting of Shareholders.

In line with paragraph 3, Article 298 of the Companies Act-1 (ZGD-1), the Management Board will publish those additional agenda items whose publishing has been requested within seven days at the latest following the publication of this notice to convene the General Meeting of Shareholders.

The shareholders may submit their request to place additional items on the agenda also via e-mail to info@istrabenz.si. The requests to place an additional item on the agenda, sent to the Company via e-mail, have to be scanned, submitted in attachment form and must contain the personal signature of the natural person or, in case of legal persons, the personal signature of the representative and the seal/stamp of that legal person, if applied. The Company has the right to prove the identity of the shareholder or the party that authorised the submitting of the request or the proposal via e-mail, and to verify the authenticity of the signature.

The additional item of the agenda shall be dealt with at the General Meeting of Shareholders only if published in the same manner as the notice of convening the General Meeting of Shareholders, i.e. at least 14 days prior to the meeting. In the opposite case, the additional item of the agenda shall be dealt with at the first subsequent General Meeting of Shareholders. The Management Board shall publish the consolidated version of the agenda in the same manner and within the same period of time as this notice to convene the General Meeting of Shareholders.

3. Information on shareholders' resolution proposals;

Shareholders may submit resolution proposals (i.e. counter proposals) with respect to each item of the agenda. The Management Board shall publish the resolution proposal of a shareholder only if such proposal is sent to the Company within 7 (seven) days from the notice to convene the General Meeting of Shareholders. Such a proposal shall be reasonably argued and the shareholder shall give notification that he will oppose the proposal of the Management Board or the Supervisory Board at the General Meeting of Shareholders, and that he will prevail upon other shareholders to vote for his proposal. The shareholder is not obliged to justify the electoral proposal.

Shareholders may send their resolution proposals and electoral proposal also by e-mail to the following address: info@istrabenz.si. Resolution proposals or electoral proposals to be submitted by e-mail shall be sent in a scanned form, as attachment, and must contain a personal signature of a natural person or, in the case of a legal entity, a personal signature of a representative and a

stamp/seal, if used by such legal entity. The Company is entitled to verify the identity of the shareholder or a person who submits a request or proposal by e-mail, as well as the authenticity of their signatures.

The Management Board shall not publish a shareholder's counter proposal and the justification of it:

- if the publication of the counter proposal would constitute a criminal offence or an economic infringement;
- if the counter proposal would lead to a resolution by the General Meeting of Shareholders that would be in violation of the law or the Articles of Association;
- if the justification of the counter proposal in points of substance contains clearly incorrect or misleading information or insults;
- if a shareholder's counter proposal containing the same content has already been reported to the General Meeting of Shareholders of the Company;
- if during the last five years the same shareholder's counter proposal containing essentially the same justification has already been reported to at least two general meetings of the company and less than one-twentieth of the subscribed capital represented at the General Meeting of Shareholders voted in favour of it;
- if the shareholder makes it known that he will not attend the General Meeting of Shareholders and has not made arrangements to be represented, or
- if during the last two years the shareholder has not presented a counter proposal to the General Meeting of Shareholders which he has reported or has not had it presented.

The justification for a counter proposal need not be reported by the Management Board if it contains more than 3000 characters. The Management Board may report in summary the counter proposals and their justification of several shareholders on the same subject.

The proposals of the shareholders that have not been sent to the Company within 7 (seven) days of the notice of convening the General Meeting of Shareholders and have been submitted no later than at the General Meeting of Shareholders itself, shall be discussed at the General Meeting of Shareholders.

4. Information on shareholder's right to be informed;

At the General Meeting of Shareholders the Management Board must give the shareholders reliable information on matters concerning the Company where it is important for an assessment of the agenda. The questions of the shareholders with the same content may be answered by the Management Board with one joint answer. The Management Board must give the shareholders also the information in respect of the Company's legal and business relations with affiliated companies where it is important for an assessment of the agenda.

Irrespective of all stated above, the Management Board shall not be obliged to provide data:

- if reasonable business judgement suggests that the provision of information could cause damage to the Company or an affiliated Company;
- on the method of compiling the balance sheet and on making estimates, if stating these methods in a supplement is sufficient for an assessment of the property and the financial and profit position of the Company which conforms with the actual circumstances; or
- if disclosure of the information would constitute a criminal offence or an economic infringement or would be in breach of good business practices;
- if the information is published in form of questions and answers on the Company's web page at least seven days prior to the session of the General Meeting of Shareholders.

If a shareholder is given information outside a session of the General Meeting of Shareholders, that information must be passed on to every other shareholder upon request even if it is not necessary for an assessment of an item on the agenda.

If a shareholder is not given the requested information at the General Meeting of Shareholders, he may require that his question and the reason why the information was refused be entered in the record.

5. Conditions for participation at the General Meeting of Shareholders and the exercising of voting rights;

Only those shareholders who have registered for the General Meeting of Shareholders and whose application has been received by the Management Board at least by the end of the fourth day prior to the meeting, i.e. by 10 June, 2012 inclusive, and who are entered as holders of the shares in the Central Book-Entry Securities Register as of the end of the fourth day prior to the meeting, namely on 10 June, 2012, shall be entitled to participate and exercise their voting rights at the General Meeting of Shareholders. The application, i.e. "Registration of participation" form, shall be sent by post to the following address: Istrabenz, d.d., Secretariat of the Management Board, Cesta Zore Perello-Godina 2, Koper. Applications cannot be sent through electronic media. The Company will consider valid only the registration forms undersigned with original signatures of the shareholders or their proxies. The registration forms are available on the Company's website and shareholders can obtain them free of charge from the Secretariat of the Management Board of the Company in Koper, Cesta Zore Perello Godina 2, every working day from 9 a.m. to 12 a.m., from the day the notice of convening the General Meeting of Shareholders is published up until and including the day it is held.

Each shareholder entitled to participate at the General Meeting of Shareholders has the right to authorise a natural or legal person to exercise the voting right on his behalf. The written power of attorney must be sent to the Company and shall be kept by the Company. The registration form for exercising the voting right through an authorised representative is available on the Company's website and can also be obtained free of charge from the Secretariat of the Management Board of the Company in Koper, Cesta Zore Perello Godina 2, every working day from 9 a.m. to 12 a.m., from the day the notice of convening the General Meeting of Shareholders is published up until and including the day it is held. The shareholders can send the power of attorney to the Company also by e-mail, to the e-mail address info@istrabenz.si. The power of attorney which is sent via e-mail has to be in a scanned form as attachment, and must contain a personal signature of the natural person, or, in the case of legal entity, a personal signature of a representative and a stamp/seal if used by such a legal entity. The Company is entitled to verify the identity of a shareholder or a person who submits the power of attorney by e-mail, as well as the authenticity of their signatures. A shareholder is entitled to revoke the power of attorney as when submitting it, at any time before the day of the General Meeting of Shareholders.

Upon request, shareholders and/or their representatives must produce a personal identity document and written representation; a statutory representative must also produce an Extract from the Register of Companies.

The shareholders are kindly asked to come to the General Meeting of Shareholders an hour prior to the commencement of the meeting so that a record of their attendance may be established and preparation for voting carried out.



To the General Meeting of Shareholders of
the ISTRABENZ Holding Company

**ITEM 1 OF THE AGENDA
FOR THE 19th REGULAR GENERAL METING OF
SHAREHOLDERS**

**OPENING OF THE GENERAL MEETING OF SHAREHOLDERS AND THE ELECTION OF ITS
WORKING BODIES**

The Management Board hereby proposes to the General Meeting of Shareholders to adopt the following resolution:

The following are elected:

- **Chairman of the General Meeting of Shareholders: Srečo Jadek, attorney-at-law**
- **the Credentials Committee, composed of:**
 - **Chairman: Robert Ernestl,**
 - **Vote Counters: Klavdija Ule, Magda Šturman.**

The meeting will be attended by the invited notary public Dravo Ferligoj.

Arguments for the proposal:

The Management Board is authorised and responsible for proposing to the General Meeting of Shareholders the appointment of the General Meeting's bodies, i.e. the Chairman of the General Meeting of Shareholders and two vote counters, and to provide that the General Meeting of Shareholders is attended by a notary public.

Rudi Grbec, MSc.
President of the Management Board
of the Istrabenz Holding Company



**To the General Meeting of Shareholders of
the ISTRABENZ Holding Company**

**ITEM 2 OF THE AGENDA
FOR THE 19th REGULAR GENERAL METING OF
SHAREHOLDERS**

PRESENTATION OF ANNUAL REPORT OF THE ISTRABENZ HOLDING COMPANY AND THE ISTRABENZ GROUP FOR 2011 WITH AUDITOR'S OPINIONS AND THE WRITTEN REPORT OF THE SUPERVISORY BOARD ON THE EXAMINATION AND APPROVAL OF THE ANNUAL REPORT, INFORMATION ON THE REMUNERATION OF THE MANAGEMENT- AND SUPERVISORY BOARD AND GRANTING OF A DISCHARGE

The Management Board and the Supervisory Board hereby propose to the General Meeting of Shareholders to adopt the following resolution:

- a) The General Meeting of Shareholders grants a discharge to the Company's Management Board for the financial year 2011.**

- b) The General Meeting of Shareholders grants a discharge to the Company's Supervisory Board for the financial year 2011.**

Arguments for the proposal

Pursuant to Article 294 of the Companies Act (ZGD-1), the General Meeting of Shareholders shall decide on the granting of a discharge to the members of the Company's Management Board and Supervisory board. According to legal provisions, during the discussion on the granting of a discharge, the Management Board shall present to the General Meeting also the Annual Report for 2011 and the Supervisory Board's report on their approval of the Annual Report for 2011. The above stated Article also determines that the Management Board shall inform the General Meeting on the remuneration received by members of the management and supervisory bodies for their work in the Company and in Company's subsidiaries in the financial year 2011. This information shall be disclosed also in the Company's Annual Report.

Taking into account the above-mentioned, the General Meeting will discuss and present, in the scope of the same agenda item and before discussing and deciding on the granting of a discharge, the Annual Report for 2011 and the Supervisory Board's report on their approval of the Annual Report for 2011. The Management Board will inform the General Meeting on the remuneration received by the members of the management and supervisory bodies for their work in the Company in the financial year 2011. As the above-mentioned subjects are related, it is reasonable to discuss them at the same time.

Net profit for the financial year 2011 totalling 24,594,041.74 euros shall be used for the covering of uncovered losses from previous years stated during the elaboration of the annual report, so that following the covering, the uncovered losses shall decrease from 67,755,229.33 euros to 43,161,187.59 euros (position as at 31 December 2011).

By the resolution proposal regarding the granting of a discharge, it is proposed to the General Meeting to confirm and approve the work of the Management Board and the Supervisory Board in the financial year 2011. Pursuant to the recommendation of the Corporate Governance Code for Joint Stock Companies, this proposal shall be voted on separately for the Management Board and the Supervisory Board.

Until 14 January 2011, the Company was managed by a management board consisting of Tomaž Berločnik, MSc., as President of the management board and by Rudi Grbec, MSc., as member of the management board.

In the period between 15 January 2011 and 31 March 2011, the management board was formed by one member, namely by Rudi Grbec, MSc. Starting from 1 April 2011, the Company has been managed by a management board formed by Rudi Grbec, MSc., as President and by Suzana Bolčič Agostini as member of the management board.

In the financial year 2011, the office of Member of the Supervisory Board was held by the following persons:

- Janez Grošelj, MSc., President,
- Mirko Kaluža, MSc., Deputy President,
- Zoran Bošković, Member,
- Tamara Jerman, MSc., Member,
- Alenka Vrhovnik Težak, MSc., Member,
- Franci Strajnar, MSc., Member,
- Klavdija Primožič, Member,
- Klavdija Ule, Member,
- Maja Prodan Jurič, MSc., Member, (from 1 January 2011 until 16 August 2011),
- Denis Kostrevc, MSc., Member, (from 31 August 2011 until 31 December 2011).

Rudi Grbec, MSc.
President of the Management Board
of the Istrabenz Holding Company

Janez Grošelj, MSc.
President of the Supervisory Board
of the Istrabenz Holding Company

Attachments to the item 2 of the agenda:

- Annual Report of the Istrabenz Holding Company and the Istrabenz Group for 2011 is available at the link <http://www.istrabenz.si/slo/investitorji/letnainmedletnaporocila>



**To the General Meeting of Shareholders of
the ISTRABENZ Holding Company**

**ITEM 3 OF THE AGENDA
FOR THE 19th REGULAR GENERAL METING OF
SHAREHOLDERS**

APPOINTMENT OF THE COMPANY'S AUDITOR FOR THE FINANCIAL YEAR 2012

The Supervisory Board hereby proposes to the General Meeting of Shareholders to adopt the following resolution:

The General Meeting of Shareholders appoints the auditing company KPMG SLOVENIJA, podjetje za revidiranje, d.o.o., Železna cesta 8a, Ljubljana as auditor of the Company for the financial year 2012.

Arguments for the proposal

The company KPMG, d.o.o., Ljubljana is a member of an internationally reputable audit corporation. Namely, KPMG belongs to four largest auditing companies in the world. The company KPMG is member of KPMG International, an association based in Switzerland. It boasts a large number of clients in Slovenia and has appropriate experience in the auditing of companies involved in different economic activities. The company audited large Slovenian companies with subsidiaries based in Slovenia and abroad (as for instance the Krka Group, the Mercator Group, Intereuropa d.d., the Gorenje Group, Zavarovalnica Triglav d.d.).

The company KPMG is already familiar with the Istrabenz Group and was the auditor for the Istrabenz Holding Company and its subsidiaries based in Slovenia in the previous years. The majority of subsidiaries based abroad have also been audited by independent KPMG companies with corporate seat outside Slovenia. While auditing the financial statements, all companies pertaining to the KPMG association are obliged to follow the same methodology, which is a guarantee for a quality realisation of procedures applied in the auditing of the financial statements of the Istrabenz Group.

Taking into account the above-mentioned, we are of the opinion that the proposal to appoint the auditing company KPMG Slovenia as auditor of the Istrabenz Holding Company is well-grounded.

Janez Grošelj, MSc.
President of the Supervisory Board
of the ISTRABENZ Holding Company



To the General Meeting of Shareholders of
the ISTRABENZ Holding Company

**ITEM 4 OF THE AGENDA
FOR THE 19th REGULAR GENERAL METING OF
SHAREHOLDERS**

**CHANGE IN THE REMUNERATION OF THE MEMBERS AND THE PRESIDENT OF THE
SUPERVISORY BOARD AND OF THE MEMBERS AND THE PRESIDENT OF THE
SUPERVISORY BOARD'S COMMITTEE**

The Supervisory Board hereby proposes to the General Meeting of Shareholders to adopt the following resolution:

The members of the supervisory board shall receive a basic remuneration for performing their function and an additional payment for special obligations in the total amount of EUR 900 gross per month. The President of the supervisory board shall receive also an additional payment for the performance of special functions and obligations in the amount of EUR 450 gross per month. The members of the supervisory board shall receive the remuneration for the time of performance of their function, while the President shall receive the special payment for the time of performance of his special function of presiding over the supervisory board. The members and the President of the supervisory board shall be entitled to the payment stated herein starting from 1 July 2012.

In addition to the remuneration for performing their function, all members of the supervisory board shall receive an attendance fee for attending the supervisory board meeting in the amount as determined with the resolution no. 5 of the General Meeting of Shareholders, adopted on 30 May 2003.

The members of the supervisory board's committee shall be entitled to the same attendance fee as all other members of the supervisory board, while the President of the supervisory board's committee shall receive the same attendance fee as the President of the supervisory board. The members and the President of the supervisory board's committee shall not be entitled to payment for performing their function and for fulfilling their obligations in the supervisory board's committees. The members and the President of the supervisory board's committee shall be entitled to the payment stated herein starting from 1 July 2012.

On 30 June 2012, this resolution shall entirely replace the resolution of the general meeting of shareholders adopted on 28 August 2006 under the item 8 of the agenda for the General Meeting of Shareholders, which ceases to be valid on 30 June 2012.

Arguments for the proposal

1. The remuneration of the members and of the President of the supervisory board and the remuneration of the members and the President of the supervisory board's committee was determined with the resolution of the General Meeting of Shareholders adopted in 2006. Since then, the general conditions in the economic environment and in the Istrabenz Holding Company have changed in the direction which imposes a cost rationalisation in the operations of the Istrabenz Holding Company in all spheres, including the cost rationalisation on the level of the Company's supervisory board.

2. With the objective to reduce the supervisory cost, at its meeting held on 17 April 2012 the supervisory board adopted a series of cost reduction measures that fall within its competence, namely (i) it renounced to the liability insurance of the members of the supervisory board, (ii) it abolished the supervisory board's committee for the monitoring of disposal of Company's assets (by taking over all tasks of the said committee) and (iii) it reduced the number of members forming the audit committee of the supervisory board to three members, which is reflected in an overall reduction of the supervisory cost by approximately 23.5% on annual level compared to previous years.

3. In addition to that, the supervisory board proposes to the General Meeting of Shareholders to adopt a resolution determining (i) a 10% decrease in the remuneration of the members and the President of the supervisory board for performing their function and for special obligations, and (ii) the replacement of the monthly remuneration of the President and members of the supervisory board's committee with attendance fee, meaning that the President and the members of supervisory board's committee would be entitled to the same attendance fee as the members and the President of the supervisory board. The above mentioned proposal whose adoption falls within the competence of the General Meeting of Shareholders, would most likely decrease the supervisory cost by additional 12%. Therefore, in the event that the General Meeting of Shareholders Meeting adopts the proposed resolution, the supervisory cost would decrease by 35.5% compared to the position prior to 17 April 2012, i.e. when the supervisory board adopted its measures.

Janez Grošelj, MSc.
President of the Supervisory Board
of the ISTRABENZ Holding Company