Material for point 2 of the agenda:

**APPOINTMENT OF THE GENERAL MEETING’S BODIES**

Telekom Slovenije d.d. Management Board and Supervisory Board propose that the General Meeting adopts the following resolution:

**Stojan Zdolšek shall be appointed the chair of the General Meeting, and representatives of Ixtlan Forum d.o.o. as the tellers.**

The General Meeting acknowledges the presence of notary Bojan Podgoršek at this sitting.

**Explanation:**

Working bodies, i.e. the General Meeting chair, who chairs the General Meeting, and tellers for the voting, must be elected. A notary must be present at the General Meeting to write the General Meeting’s resolution in the form of minutes compliant to the legislation.

Ljubljana, 20 July 2011

President of the Management Board

Ivica Kranjčević

President of the Supervisory Board

Tomaž Berginc
Material for point 3 of the agenda:

ADOPTION OF AMENDMENTS AND SUPPLEMENTS TO THE TELEKOM SLOVENIJE, D.D. STATUTE

Telekom Slovenije d.d. Management Board and Supervisory Board propose that the General Meeting adopts the following resolution:

The General Meeting shall adopt changes and supplements to the Telekom Slovenije, d.d. Statute as proposed by the Management and Supervisory Boards, which are part of this resolution.

Ljubljana, 20 July 2011

President of the Management Board
Ivica Kranjčević

President of the Supervisory Board
Tomaž Berginc

Attachments:
- Proposed amendments and supplements to the Telekom Slovenije d.d. Statute
- The Company’s Statute
The General Meeting shall adopt amendments and supplements to the Telekom Slovenije d.d. Statute by adopting the following changes:

1.

The following activities shall be added to the list of Company's activities in the Paragraph 1 of Article 5:

26.200 Manufacture of computers and peripheral equipment
26.300 Manufacture of communication devices
28.290 Manufacture of other general-purpose machinery n.e.c.
29.310 Manufacture of electrical and electronic equipment for motor vehicles and their engines
33.120 Repair of machinery
33.140 Repair of electrical equipment
33.190 Repair of other equipment
42.990 Construction of other civil engineering projects n.e.c.
45.310 Wholesale trade of motor vehicle parts and accessories
45.320 Retail trade of motor vehicle parts and accessories
46.490 Wholesale trade with other consumer goods n.e.c.
46.510 Wholesale of computers, computer peripheral equipment and software
46.520 Wholesale of electronic and telecommunications equipment and parts
47.110 Retail sale in non-specialized stores with food, beverages or tobacco predominating
47.190 Other retail sale in non-specialized stores
47.610 Retail sale of books in specialized stores
47.621 Retail sale of newspapers and magazines
47.622 Retail sale of paper and stationery
47.650 Retail sale of games and toys in specialized stores
47.710 Retail sale of clothing in specialized stores
47.720 Retail sale of footwear and leather goods in specialized stores
47.750 Retail sale of cosmetic and toilet articles in specialized stores
47.782 Retail sale in commercial art galleries
50.100 Sea and coastal passenger water transport
55.100 Hotels and similar accommodation
56.104 Temporary restaurant facilities
56.300 Beverage serving activities
58.210 Publishing of computer games
58.290 Other software publishing
61.300 Satellite telecommunications activities
64.200 Activities of holding companies
66.190 Other activities auxiliary to financial services, except insurance and pension funds
70.100 Activities of head offices
70.210 Public relations and communication activities
77.330 Renting and leasing of office machinery and equipment (including computers)
77.340 Renting and leasing of water transport equipment
77.400 Leasing of intellectual property and similar products, except copyrighted works
82.190 Photocopying, document preparation and other specialized office support activities
88.910 Child day-care activities
93.190 Other sports activities
93.299 Other amusement and recreation activities n.e.c.
95.210 Repair of consumer electronics
Explanation of the proposed amendment:
The merger between Mobitel, d.d. and Telekom Slovenije, d.d., did not require any changes to the Statute. The Telekom Slovenije, d.d. Statute includes all the activities performed by Mobitel, d.d.

As the universal legal successor, Telekom Slovenije, d.d. can perform all the activities that Mobitel, d.d. might have performed. It is thus sensible to add new activities to the Telekom Slovenije, d.d. Statute, even though not all of them present the company's direct activities. The company might however perform them, based on the company's main activity, the strategic goals, mission, vision and values.

Article 6 of the Companies Act (hereinafter: ZGD-1) says that companies may pursue as their activity all operations other than those which according to the law may not be pursued as commercial operation. Companies may only pursue commercial transactions within the framework of the activity which is defined in the Statute or Memorandum of Association. Notwithstanding the preceding paragraph, a company may also pursue all other transactions which are necessary for its existence and for pursuing its activity but which do not constitute the direct pursuit of the activity. Legal transactions concluded by a company with third persons which go beyond the activity entered in the Statute or the Memorandum of Association or otherwise permitted transactions shall be valid unless the third person knew or should have known about the transgression. A company may take up and pursue its activity when it is entered in the register.

2.

Paragraph 3 of Article 19 of the Statute shall be amended as follows:

In addition to criteria determined by the regulations, Management Board members should also meet the following criteria:
- University-level education;
- At least 5 years of experience in leading posts;
- Active knowledge of at least one world language;
- Must not be a supervisory board member in any other company, except a subsidiary;
- Any other criteria set by the Supervisory Board.

Explanation of the proposed amendment:
The current provision sets specific criteria for Management Board members, which limit the scope of appropriate candidates for Management Board members. Companies in the Republic of Slovenia similar to Telekom Slovenije, d.d. regarding the size and the fact that they are joint-stock companies, do not have these criteria set in the Statute. Furthermore, not even the Corporate Governance Code recommends such strict criteria. That is why the management and supervisory boards propose that the Statute be changed in a way to include the criteria for management board members defined in the regulations and other criteria, as it appears in the proposed changes to the provision.

3.

A new, fifth paragraph shall be added to Article 19:

The severance pay can be paid out to a Management Board member if the contract is terminated prematurely. The severance pay cannot be paid out if the Management Board member was dismissed for grave violation of obligations; was not capable of managing the operations; if the General Meeting declared no confidence in him or her, unless this occurred for apparently unfounded reasons; if the Management Board member terminated the contract himself or herself.

Explanation of the proposed amendment:
The proposed amendment brings the Statute in line with the legislation.
4. In Paragraph 1 of the Article 22, “cast” is added after "the majority of".

A new, fourth, indent is added in the Paragraph 3:
- Providing surety bonds and guarantees

Explanation of the proposed amendment:
The proposed amendment of Paragraph 1 determines how the vote on the Management Board is taken in more detail.

The list of issues for which the Management Board requires the Supervisory Board's approval is expanded with “providing surety bonds and guarantees”, which presents an important element in making decisions regarding operations.

5. In Paragraph 1 of the Article 30, the word “present” is replaced with “cast votes”.

Explanation of the proposed amendment:
The proposed amendment of the provision determines the way in which the Supervisory Board votes in more detail.

6. A new, fifth indent shall be added to after the fourth indent in Paragraph 2 of Article 32:
- Monitoring the risk management system and the internal audit and control system,

Indents 5-12 become indents 6-13.

Explanation of the proposed amendment:
The proposed supplement brings the provision on Supervisory Board's responsibilities in line with the legislation.

7. Article 33 of the Statute shall be amended as follows:

Supervisory Board members are entitled to attendance fees, basic remuneration for performing their office, and additional payments for special tasks, if the General Meeting so decides, and in the amount determined by the General Meeting.

Supervisory Board members are entitled to reimbursement of costs related to their work and other income not included in the tax base.

The General Meeting can determine the conditions for receiving reimbursement for accommodation cost in more detail with a resolution.

Explanation of the proposed amendment:
The amendments bring the provision in line with the legislation and the Corporate Governance Code recommendations.

The current Statute provision only provides for payment of attendance fees, while the ZGD-1 determines that supervisory board members are also entitled to remuneration. Different forms of remuneration are determined by the law (a government resolution) and the Corporate Governance Code. Including the provision from ZGD-1 in the Statute allows the company not to limit the remuneration to Supervisory Board members to attendance fees, but also allows other forms of remuneration as determined by the legislation and the recommendations.

8.

A new first paragraph shall be added to Article 41:

The General Meeting primarily decides on:
− The distribution of distributable profit;
− Appointing and dismissing Supervisory Board members;
− Granting discharge to management and supervisory board members;
− Amendments to the Statute
− Measures for increasing or decreasing the equity;
− Termination of the company or changes to its status;
− Appointing the auditor; and
− Other matters if determined by the Statute in line with the legislation, or other matters determined by the legislation.

Paragraphs 1 and 2 become paragraphs 2 and 3.

In Paragraph 2, “second” is replaced by “third”.

Explanation of the proposed amendment:
In the Statute, the General Meeting’s responsibilities and powers are not listed in one place, and the proposed amendment settles this.

9.

Paragraph 1 of Article 43 of the Statute shall be amended as follows:

Founding, acquisition or liquidation of a subsidiary is decided by the Management Board with consent of the Supervisory Board.

Explanation of the proposed amendment:
The proposed amendment determines in more detail the cases in which the Management Board requires the Supervisory Board’s approval for decisions related to subsidiaries.

10.

Paragraph 5 of Article 44.a of the Statute shall be amended as follows:

When net profit in an individual financial year amounts to less than 21 (twenty-one) million EUR, the Company does not increase its reserves under the statute.

Explanation of the proposed amendment:
When the amounts in the Statute were converted into euros, the amount in this provision was not corrected. The amount was converted at the exchange rate of 239.64 SIT for 1 EUR, which amounts to exactly 20,864,630.278 EUR, so the amount was rounded up to 21 million EUR.
Ljubljana, 20 July 2011

President of the Management Board
Ivica Kranjčević

President of the Supervisory Board
Tomaž Berginc
Statute of Telekom Slovenije, d. d., consolidated text, which consists of:
- The statute of Telekom Slovenije, d. d., adopted at the 4th session of the General Meeting on 10 August 2001, with effect from 31 August 2001;
- The first round of changes and amendments to the Statute of Telekom Slovenije, d. d., adopted at the 6th session of the General Meeting on 24 July 2002, with effect from 23 September 2002;
- The second round of changes and amendments to the Statute of Telekom Slovenije, d. d., adopted at the 7th session of the General Meeting on 11 June 2003, with effect from 22 July 2003;
- The third round of changes and amendments to the Statute of Telekom Slovenije, d. d., adopted at the 9th session of the General Meeting on 26 April 2005, with effect from 5 June 2005;
- The fourth round of changes and amendments to the Statute of Telekom Slovenije, d. d., adopted at the 10th session of the General Meeting on 26 August 2005, with effect from 16 September 2005;
- Changes and amendments to the Statute of Telekom Slovenije, d. d., adopted at the 12th session of the General Meeting on 30 June 2006, with effect from 31 July 2006;
- Coordination of provisions in the statute of Telekom Slovenije, d. d., with the conversion of the share capital into Euros, adopted on the 21st session of the Supervisory board on 15 January 2007 in accordance with the General Meeting's authorization of 30 June 2006;
- Changes and amendments to the Statute of Telekom Slovenije, d. d., adopted at the 13th session of the General Meeting on 26 June 2007, with effect from 25 July 2007;
- Changes and amendments to the Statute of Telekom Slovenije, d. d., adopted at the 14th session of the General Meeting on 30 June 2008, with effect from 21 August 2008;
- Changes and amendments to the Statute of Telekom Slovenije, d. d., adopted at the 17th session of the General Meeting on 1 July 2010, with effect from 6 July 2010;
- Changes and amendments to the Statute of Telekom Slovenije, d. d., adopted at the 20th session of the General Meeting on 31 August 2011, with effect from the date of registration in the court register;

as follows:

**STATUTE OF TELEKOM SLOVENIJE, D.D.**

**I. GENERAL PROVISIONS**

**Article 1**

Telekom Slovenije, d.d., results from a transformation of a public company Telekom Slovenije, d. d., founded by the Republic of Slovenia, on the basis of the Telecommunications Act (Official Gazette of the RS, No. 30/01.)

Telekom Slovenije, d.d., is a public limited company.

Telekom Slovenije, d.d., (hereinafter referred to as "the Company") is a legal successor of the public utility company Telekom Slovenije, d. d., entered in the court register at the district court of Ljubljana under filing number 1/24624/00.

**Article 2**

The Company's main objectives are:
- the maximization of value of the Company,
- providing public telecommunication services in accordance with regulations,
- providing and performing telecommunications and other services demanded by the market and satisfying the needs of its users,
- constant improvement of reliability and quality by implementation of a comprehensive quality assurance system,
implementation of new profitable and technologically effective telecommunication services and spreading availability of existing services, where and when economically viable, while prioritizing development and technological modernization,

creation of a good working environment where employees have the possibility to develop and take advantage of their abilities.

II. NAME AND REGISTERED OFFICE

Article 3

The name of the Company is: Telekom Slovenije d.d.

In addition to the company name, a visual identity, part of it or as a whole, can be used, as decided by the Management Board.

The Company's registered office shall be at: Ljubljana

Change of the Company's registered office shall be decided by the General Meeting.

Article 4

The stamp contains the following text: Telekom Slovenije d.d.

The Management Board shall define the shape, use and sign of the Company's stamp in detail.

III. SCOPE OF BUSINESS

Article 5

The Company's activities include:

61.100 Wired telecommunications activities
61.200 Wireless telecommunications activities
61.300 Satellite telecommunication activities
61.900 Other telecommunications activities
60.200 Television broadcasting activities
64.190 Other monetary intermediation
64.920 Other loan granting
64.990 Other unclassified activities involving financial services, excluding insurance services and pension fund activities
18.110 Printing of newspapers
18.120 Printing of other materials
18.130 Pre-printing and pre-publishing activities
18.140 Bookbinding and related services
18.200 Reproduction of recorded media
26.110 Manufacture of electronic components
26.120 Manufacture of electronic boards
26.200 Manufacture of computers and peripheral equipment
26.300 Manufacture of communication devices
27.900 Manufacture of other electrical devices
28.290 Manufacture of other general-purpose machinery n.e.c.
29.310 Manufacture of electrical and electronic equipment for motor vehicles and their engines
33.120 Repair of machinery
33.130 Repair of electronic and devices
33.140 Repair of electrical equipment
33.190 Repair of other equipment
33.200 Installation of industrial machinery and equipment
42.220 Construction of supply infrastructure for electricity and telecommunications
42.990 Construction of other civil engineering projects n.e.c.
43.110 Demolition
43.120 Site preparation
43.210 Installation of electrical equipment and devices
43.220 Installation of plumbing, gas and heating networks and equipment
43.290 Other installation works in construction
43.990 Other specialized construction works
45.310 Wholesale trade of motor vehicle parts and accessories
45.320 Retail trade of motor vehicle parts and accessories
46.190 Non-specialized agency involved in the sale of a variety of goods
46.490 Wholesale trade with other consumer goods n.e.c.
46.510 Wholesale of computers, computer peripheral equipment and software
46.520 Wholesale of electronic and telecommunications equipment and parts
46.900 Non-specialized wholesale
47.110 Retail sale in non-specialized stores with food, beverages or tobacco predominating
47.190 Other retail sale in non-specialized stores
47.410 Retail sale in specialized stores with computers devices and software
47.420 Retail sale in specialized stores with telecommunication devices
47.430 Retail sale of audio and video equipment in specialized stores
47.510 Retail sales in specialized stores with textile products
47.610 Retail sale of books in specialized stores
47.621 Retail sale of newspapers and magazines
47.622 Retail sale of paper and stationery
47.630 Retail sale of music and video recordings in specialized stores
47.640 Retail trade in specialized stores with sporting goods
47.650 Retail sale of games and toys in specialized stores
47.710 Retail sale of clothing in specialized stores
47.720 Retail sale of footwear and leather goods in specialized stores
47.750 Retail sale of cosmetic and toilet articles in specialized stores
47.782 Retail sale in commercial art galleries
47.789 Other retail sale in other specialized stores
47.890 Retail sale at stands and markets with other goods
47.910 Retail sale via mail order or internet
47.990 Other non-store, non-stand and non-market retail sale
49.391 Regional and other passenger transport by road
49.410 Freight transport by road
50.100 Sea and coastal passenger water transport
52.100 Warehousing
55.100 Hotels and similar accommodation
55.201 Holiday homes and resorts
55.204 Youth hostels and mountain lodges
55.209 Other provision of short-stay lodgings
56.101 Restaurants and ins
56.104 Temporary restaurant facilities
56.300 Beverage serving activities
58.110 Publishing of books
58.120 Publishing of directories and mailing lists
58.130 Publishing of newspapers
58.140 Publishing of journals and other periodicals
58.190 Other publishing activities
58.210 Publishing of computer games
58.290 Publishing of other software
59.200 Sound recording and music publishing activities
62.010 Computer programming activities
62.020 Information technology consulting activities
62.030 Computer facilities management activities
62.090 Other information technology and computer-related service activities
63.110 Data processing, hosting and related activities
63.120 Operation of web portals
63.990 Other information service activities
64.200 Activities of holding companies
<table>
<thead>
<tr>
<th>Code</th>
<th>Description</th>
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<tr>
<td>64.910</td>
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<td>Non-life insurance</td>
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<td>65.300</td>
<td>Pension funding</td>
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<td>66.110</td>
<td>Financial market management</td>
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<tr>
<td>66.190</td>
<td>Other activities auxiliary to financial services, except insurance and pension funding</td>
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<td>66.100</td>
<td>Buying and selling of own real estate</td>
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<td>66.200</td>
<td>Renting and operating of own or leased real estate</td>
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<tr>
<td>69.100</td>
<td>Technical testing and analysis</td>
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<tr>
<td>69.200</td>
<td>Accounting, book-keeping and auditing activities; tax consultancy</td>
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<tr>
<td>70.100</td>
<td>Activities of head offices</td>
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<tr>
<td>70.210</td>
<td>Public relations and communication activities</td>
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<tr>
<td>70.220</td>
<td>Business and other management consultancy activities</td>
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<td>71.111</td>
<td>Architectural planning</td>
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<td>Other engineering activities and technical consultancy</td>
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<td>Technical testing and analysis</td>
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<td>72.190</td>
<td>R&amp;D activities in other branches of science and technology</td>
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<td>73.110</td>
<td>Advertising agency activities</td>
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<td>73.120</td>
<td>Advertising space brokering</td>
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<td>Market research and public opinion polling</td>
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<td>Photographic activities</td>
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<td>Translation and interpreting activities</td>
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<td>Leasing out and renting of light motor vehicles</td>
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<td>77.330</td>
<td>Renting and leasing of office machinery and equipment (including computers)</td>
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<td>77.340</td>
<td>Renting and leasing of water transport equipment</td>
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<td>77.390</td>
<td>Renting and leasing out of other machinery, equipment and tangible assets</td>
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<td>77.400</td>
<td>Leasing of intellectual property and similar products, except copyrighted works</td>
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<td>80.100</td>
<td>Security services</td>
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<td>Security systems monitoring</td>
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<td>82.920</td>
<td>Packaging</td>
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<tr>
<td>82.990</td>
<td>Ancillary business activities n.e.c.</td>
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<td>85.590</td>
<td>Other education and training n.e.c.</td>
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<td>85.600</td>
<td>Education support activities</td>
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<td>Child day-care activities</td>
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<td>Library activities</td>
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<td>Archive activities</td>
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<td>93.190</td>
<td>Other sports activities</td>
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<td>93.299</td>
<td>Other amusement and recreation activities n.e.c.</td>
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<td>95.110</td>
<td>Repair and maintenance of computers and peripheral devices</td>
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<td>95.120</td>
<td>Repair of communication equipment</td>
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<td>95.210</td>
<td>Repair of consumer electronics</td>
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<tr>
<td>96.090</td>
<td>Other service activities n.e.c.</td>
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</tbody>
</table>

The Management Board can by itself consolidate potential amendments to activities with the Uniform classification of activities.

**Article 6**

In addition to the registered activity the Company also performs other activities, which are necessary for its existence and performance of registered activities.

**IV. COMPANY ORGANIZATION**

**Article 7**

The Company may perform its activity at units or subsidiaries as defined in a general legal act by the Management Board.
V. SHARE CAPITAL

Article 8

The Company's share capital amounts to EUR 272,720,664.33 (two hundred and seventy two million seven hundred and twenty thousand six hundred and sixty four and 33/100) and is divided into 6,535,478 (six million five hundred and thirty five thousand four hundred and seventy eight) ordinary registered shares.

Ordinary shares are registered shares whose holders receive:
- the right to participation in the management of the Company,
- the right to a portion of the profits,
- the right a proportional share of the assets remaining after the Company's liquidation or bankruptcy.

Article 9

All shares have been paid up in full.

Shares are issued in non-material form.

Article 10

Transfer of registered shares is carried out according to provisions of a special law.

VI. INCREASE AND DECREASE OF SHARE CAPITAL

Article 11

The increase of the share capital with the issue of new shares (share type and class) is decided by the General Meeting with a three-quarter majority in decisions made by the represented equity capital. The existing shareholders have a pre-emptive right to subscription of new shares in proportion to their part in the Company's share capital. The pre-emptive right may be eliminated solely on the basis of the General Meeting's resolution adopted by a three-quarter majority in decisions made by the represented equity capital.

Article 12

Management Board has to invite existing shareholders to the subscription and payment of new shares in proportion to their current participation no later than 14 (fourteen) days from the General Meeting's resolution on the increase of share capital by issue of new shares. Existing shareholders must subscribe to newly issued shares not later than in 30 (thirty) days from date of issue, unless defined otherwise in each resolution on the issue of new shares.

Article 13

The pre-emptive right is exercised by written statement, which must be sent by the beneficiary to the Management Board within the deadline set by the resolution on the issue of new shares.

In the case when the existing shareholders do not enforce their pre-emptive rights and do not subscribe the issued shares within the scheduled deadline, the management can freely invite third parties to subscription and payment for these shares.

Article 14

The issue procedure and subscription and deposit conditions are determined by law and with each General Meeting's resolution on the issue of new shares.

Article 15
The increase of share capital shall take effect on the date of its entry in the court register.

**Article 16**

The General Meeting may resolve, with a simple majority, to increase the share capital by transforming other items of the equity capital into the share capital. The resolution on the increase of the share capital with other items of the equity capital is based on the most recent audited annual balance sheet.

With the increase of the share capital according to this article the share capital can also be increased without issuing new shares, whereby the resolution on the increase must state the method of the increase. In the case of the issue of new shares the existing shareholders are entitled to new shares in proportion to their part in the Company's share capital. By increasing the share capital out of the reserve fund, the latter must not be reduced below the legally set minimal limit.

**Article 17**

The Company may reduce the share capital if so required by law or if so decided by the General Meeting with a three-quarter majority in decisions made by the represented equity. The resolution must include the reason or purpose and the method for decreasing the share.

**VII. COMPANY BODIES**

**Management Board**

**Article 18**

The Management Board consists of 5 (five) members. These are: president, vice-president, two members and a workers representative, who is appointed according to the law and is in charge of labor participation in management.

Management Board sessions are convened and conducted by the president of the Management Board.

**Article 19**

Members of the Management Board are appointed and dismissed by the Supervisory Board.

Term of the Management Board is four years with the possibility of re-appointment.

*In addition to criteria determined by the regulations, Management Board members should also meet the following criteria:*

– University-level education;
– At least 5 years of experience in leading posts;
– Active knowledge of at least one world language;
– Must not be a supervisory board member in any other company, except a subsidiary;
– Any other criteria set by the Supervisory Board.

The conditions from the preceding paragraph do not apply to labor director as members of the Management Board.

The severance pay can be paid out to a Management Board member if the contract is terminated prematurely. The severance pay cannot be paid out if the Management Board member was dismissed for grave violation of obligations; was not capable of managing the operations; if the General Meeting declared no confidence in him or her, unless this occurred for apparently unfounded reasons; if the Management Board member terminated the contract himself or herself.

**Article 20**
Individual members of the Management Board direct the Company's business independently and pass decisions within the limits of the business sector which was assigned to them in the rules of procedure of the Management Board.

Division to business sectors does not interfere with the liability rules for members of the Management Board members.

**Article 21**

Each member of the Management Board must regularly inform the president of the Management Board about the essential matters in his own allocated business sector. Upon request from the president of the Management Board, a member of the Management Board must also inform the president about individual matters of interest in his own allocated business sector.

In the case when actions or business operations from one allocated business sector interfere with other business sectors, a member of the Management Board must acquire prior approval of the member of the Management Board whose business sector such actions or business operations interfere with. When an agreement can not be reached, the execution of the action or business operation is decided on by the entire Management Board, unless immediate action or business operation is necessary (at the discretion of an efficient manager) to prevent damage to the Company. An independent execution of an action or a business operation must be immediately reported by the member of the Management Board to the president of the Management Board and reported on the next session of the Management Board.

Members of the Management Board must co-operate and inform each other about important actions and business operations in their respective business sectors. If a member of the Management Board has reasonable doubt about the appropriateness of the action or business operation in other business sectors, he must demand that the whole management decides on execution of such action, unless the doubt is eliminated by discussion with the member of the management whom the business sector in question is allocated to.

Actions or business operations, which are of utmost importance to the Company, or when their execution is associated with special risks, can be executed only upon unanimous approval of the Management Board, unless an immediate action or business operation is necessary (at the discretion of an efficient manager) to prevent damage to the Company. An independent execution of an action or a business operation must be immediately reported by the member of the Management Board to the president of the Management Board and reported on the next session of the Management Board.

**Article 22**

The Management Board reaches decisions by the majority of cast votes of all Management Board members, with the exception of the following:

- draft annual report and proposition for employment of distributable profit,
- staffing and social matters related to employee interests,

when decisions have to be reached unanimously.

When the Management Board reaches decisions upon a majority vote of the members, in the event of a tied vote, the decision voted on by the president shall prevail.

The Management Board needs approval of the Supervisory Board in the following matters:

- Conclusion of legal matters, which represent an obligation to the company and are not meant for acquisition of revenue, and for taking out long-term loans, in the amount of more than 2,000,000 (two million) EUR,
- Investments, purchase and disposal of fixed assets in the amount of more than 100,000 (one hundred thousand) EUR, when such are not included in the Company's business plan,
- authorization of mortgages,
- **Providing surety bonds and guarantees**
Article 23

The Management Board adopts the rules of procedure for its operations, with details of business sectors, methods of operation, and allocates business sectors and responsibilities to individual members.

Article 24

The President of the Management Board represents and acts on behalf of the Company without restrictions.

All members of the Management Board, with the exclusion of the workers representative, represent the Company as themselves in conclusion of legal matters in the business sector, allocated in the rules of procedure for the Management Board.

The labor director represents the Company in conclusion of business matters together with other members of the Management Board.

The vice-president of the Management Board acts as deputy for the president in the case of illness or other similar longer absence of the president, in the same capacity as the president of the Management Board.

The authority for representing parts of the Company is defined with the general act in accordance with article 7 (seven) of this statute.

Article 25

The president, vice-president and members of the Management Board can receive a guaranteed share of the profit, which is decided on by the General Meeting.

Supervisory Board

Article 26

The Supervisory Board shall be composed of nine members, six members representing the capital and three members representing the workers.

Members of the Supervisory Board who represent the capital are elected by the General Meeting with a simple majority of present shareholders.

The members of the Supervisory Board shall be appointed for a term of four years and may be re-appointed.

Article 27

The Supervisory Board elects a president and two deputies from its members.

Supervisory Board sessions are convened and conducted by the president of the Supervisory Board with the authority to state the will and announce the decisions of the Supervisory Board.

The president of the Supervisory Board represents the Company opposite to members of the Management Board and represents the Supervisory Board opposite to governing bodies and third parties.

The president of the Supervisory Board and one of his deputies must be chosen from the capital representatives.

Article 28
Every member of the Supervisory Board or the Management Board can request that the president of the Supervisory Board convenes an immediate session of the Supervisory Board, along with the purpose and reasons for this session. The session must be convened at the latest in two weeks after the filed request.

If the request of at least two members of the Supervisory Board or the Management Board has not been accepted, they can convene the Supervisory Board by themselves and suggest the agenda.

Article 29

The Supervisory Board shall pass decisions at its meetings.

The Supervisory Board shall be deemed to have reached a quorum when the majority of its members are present.

Article 30

The Supervisory Board shall pass decisions by way of a simple majority of cast votes, with the exclusion of the event in the second paragraph of this article.

In the event of a tied vote the vote of the president of the Supervisory Board shall prevail.

Article 31

Resolution on the discharge of capital representatives in the Supervisory Board is adopted by the General Meeting with three-fourths majority of the votes cast. The conditions for discharging workers representatives are defined by the workers' council in its general act.

Article 32

The Supervisory Board supervises the Company's business management.

Additional functions of the Supervisory Board:

- discussion and approval of the Company's business plan,
- auditing and validation of the annual report and reporting to the General Meeting in writing,
- auditing the suggestion for employment of distributable profit, presented by the Management Board,
- deciding on the reward for members of the Management Board,
- monitoring the risk management system and the internal audit and control system,
- giving assent to legal matters referred to in the third paragraph of Article 22 of this statute,
- giving assent in accordance to Article 43 of this statute,
- approval of rules of procedure of the Supervisory Board
- requesting a report from the Management Board on every issue related to the Company's business operations at any time,
- proposal for a recall of a member of the Supervisory Board to the General Meeting,
- proposal of acts, approval of which is within the competence of the General Meeting,
- reconciliation of texts of the statute with valid resolutions of the General Meeting, and
- discussion and decision on all other matters, which are legally under its competence, other regulations and general acts of the Company.

Article 33

Supervisory Board members are entitled to attendance fees, basic remuneration for performing their office, and additional payments for special tasks, if the General Meeting so decides, and in the amount determined by the General Meeting.

Supervisory Board members are entitled to reimbursement of costs related to their work and other income not included in the tax base.
The General Meeting can determine the conditions for receiving reimbursement for accommodation cost in more detail with a resolution.

Article 34

The Supervisory Board arranges the methods and conditions for its operation and operation of its working bodies (commissions) in detail in the rules of procedure.

General Meeting

Article 35

Shareholders utilize their rights at the General Meeting by themselves or through their authorized representatives.

Article 36

The Management Board convenes the General Meeting on its own initiative, at the request of the Supervisory Board or at the request of shareholders, which represent at least 5 (five) % of the Company's share capital. The beneficiary, who requests the convocation of the General Meeting, must also give an explanation of the purpose and reason for the convocation along with resolution proposals.

The General Meeting may be convened by the Supervisory Board, especially when the Management Board does not convene the General Meeting in due time.

The General Meeting is convened, when it is in the benefit of the Company or when it is required by law and by this statute, but not less than once per year.

Article 37

The notice of a General Meeting taking place shall be announced no less than 30 (thirty) days in advance. A written invitation to the General Meeting, including all General Meeting material, is sent to all shareholders with ownership share of at least 5 (five) % of the share capital.

Attendance and voting rights can be exercised only by shareholders who send their registration to the Company's registered office in written form at least 3 (three) days before the General Meeting's session. Otherwise they shall lose their voting rights.

Any shareholder entitled to attend the General Meeting shall have the right to appoint a natural person or legal entity with legal capacity (proxy) to attend the General Meeting on his or her behalf and exercise his or her voting rights. A written power of attorney must be provided. The power of attorney must be presented to the company and shall be retained in the company's records.

Shareholders may appoint a proxy using electronic means. The form for exercising voting rights through a proxy is available on the company website. The power of attorney may be sent to the company via e-mail to the address published in the notice of the calling of the General Meeting, as an attached scan. The Company reserves the right to verify the authenticity of the shareholder or person issuing the power of attorney who provided the said document via e-mail.

Shareholders may revoke the power of attorney at any time in the same manner.

Article 38

The date of publication of the notice in the Official Gazette of the Republic of Slovenia shall be considered the official date of the calling of the General Meeting, from which deadlines prescribed by the Companies Act shall run.

Shareholders whose combined shares amount to more than one-twentieth part of the share capital may file a written request for an additional item on the agenda after publication of the notice of the
calling of the General Meeting. A proposed resolution to be decided upon at the General Meeting must be attached with such a request, or if the General Meeting does not pass a decision on a particular item on the agenda, clarification for such an item must be given. It shall suffice that the request be sent via e-mail to the company at the address provided in each notice, no more than seven days following the publication of the notice on the calling of the General Meeting, as an attached scan.

Shareholders may submit proposed written resolutions on each item on the agenda. The shareholder’s proposal shall be published and communicated in the manner described in Article 296 of the Companies Act only if the shareholder has submitted a suitably formed proposal within seven days following the publication of the notice on the calling of the General Meeting and indicated his or her intent to protest the managing or supervisory body’s proposal and to motivate other shareholders to vote on his or her proposal. The proposed resolutions may be sent to the company via e-mail to the address published in the notice of the calling of the General Meeting, as an attached scan.

Article 39

As a rule a General Meeting’s session takes place in the city of the Company’s registered office.

Article 40

Decisions of the General Meeting are valid only when shareholders with a voting right are present, who represent at least 51 (fifty-one) % of the represented equity capital (first convocation).

In the event where at the first convocation a quorum is not possible, a new General Meeting session shall be convened with the same agenda, where decisions of the General Meeting shall be valid regardless of the share of represented equity capital, which must be specifically indicated in the invitation (second convocation).

Article 41

The General Meeting primarily decides on:
− The distribution of distributable profit;
− Appointing and dismissing Supervisory Board members;
− Granting discharge to management and supervisory board members;
− Amendments to the Statute
− Measures for increasing or decreasing the equity;
− Termination of the company or changes to its status;
− Appointing the auditor; and
− Other matters if determined by the Statute in line with the legislation, or other matters determined by the legislation.

The General Meeting decides by the majority of votes cast by the shareholders, with the exclusion of events in the third paragraph of this article.

The General Meeting decides on the following matters by a three-fourths majority of the represented equity capital:
− amendments to the Statute,
− increase and decrease of share capital,
− changes in status and the termination of the Company, and
− elimination of the shareholders’ pre-emptive right at issue of new shares.

VIII. NON-COMPETITION CLAUSE

Article 42

Members of the Management Board and the Supervisory Board must not co-operate in such positions or as employees, entrepreneurs, founders or capital owners in any company or as entrepreneurs with activities, which are or could be in a direct competitive relationship with the Company's or its subsidiaries’ main activity.
This clause is valid, for persons stated in the preceding paragraph in this article, for two years after termination of membership in the Supervisory or Management Board, unless otherwise stipulated by law.

Compensation in the case of inability to get employed due to the stated clause is defined in the individual contracts with these persons.

In the event of breach of the non-competition clause under this article, the Company has the right to enforce sanctions against violators in accordance with the law.

IX. SUBSIDIARIES

Article 43

Founding, acquisition or liquidation of a subsidiary is decided by the Management Board with consent of the Supervisory Board.

The Management Board appoints managers, members of Supervisory Boards and members of Management Boards of subsidiaries, with consent of the Supervisory Board, but not the employee representatives, which are appointed in accordance to a special law.

X. ANNUAL REPORT, PROFIT. AND DIVIDENDS

Article 44

The financial year shall be the calendar year.

The Management Board must prepare and submit an annual report, including a proposition for employment of distributable profit, within deadlines defined in regulations, to the Supervisory Board.

The Supervisory Board must audit the annual report and deliver its report, within a month from the receipt, to the Management Board.

The annual report is approved upon confirmation by the Supervisory Board.

Annual financial statements of the Company must be revised according to the law.

Article 44.a

The company establishes the following reserves during its operations:

− capital reserves,
− legal statutory reserves
− own shares reserves,
− reserves under the Statute
− other profit reserves.

The Company establishes legal reserves in such amount, that the sum of legal reserves and capital reserves, which are added to legal reserves on the basis of the law for establishing the needed amount of legal reserves, is 20 (twenty) % of the Company's share capital.

The Company establishes reserves under the Statute until their level reaches 20% (twenty percent) of the Company's share capital.

In an individual financial year 20 (twenty) % of net profit is allocated to establishment of reserves under the Statute, reduced by potential amounts used for covering of residual losses, establishment of legal reserves and own shares reserves.

When net profit in an individual financial year amounts to less than 5 (five) billion SIT, the Company does not increase its reserves under the Statute.
Article 44.b

Capital and legal reserves are employed under conditions and for purposes stipulated by law.

Reserves under the Statute are employed for establishment of own share reserves, for covering losses, increasing share capital and for covering of various business and other risks.

Other profit reserves can be used for any purposes in accordance with the law, the statute, business policy and General Meeting's resolutions.

Article 45

The employment of distributable profit and conferral of a discharge is decided by the General Meeting. Its decision is bound by the approved annual report.

In cases allowed by law, the Management Board may receive a share of the profits when return on equity exceeds 5 (five) %. The total bonus for the Management Board can be up to a maximum of 2 (two) % of the amount allocated for payment of dividends to shareholders.

The General Meeting decides upon the employment of distributable profit and at the same time and according to procedure and method defined by law also decides upon conferral of a discharge to the management and the Supervisory Board.

Upon a General Meeting's resolution the employees can receive a share of the profit.

Article 46

On the basis of a General Meeting's resolution the distributable profit is allocated to dividends according to the achieved result, whereas the assurance of investment funds and with it the increase of value of the shares holds priority.

Dividend policy is based on the percentage of net profit, which is permitted by an optimum estimate of investments in accordance to the development plan.

Article 47

The Management Board has the authority for paying out dividends during the financial year (interim dividends) according to the projected profit in the current year.

The pay out of interim dividends is approved by the Supervisory Board. Interim dividends must not be higher than half of projected profit after establishment of reserves and must not be higher than half of the profit of the previous year.

XI. INFORMING SHAREHOLDERS

Article 48

If the law and the statute state the obligation to publish particular company information or notices, they are published in the Official Gazette of the Republic of Slovenia, unless otherwise stipulated by law.

The Company publishes information of significance to shareholders on the website of the Ljubljana Stock Exchange (Ljubljanska borza, d. d.) within the electronic information system SEOnet and in its own electronic media.

Shareholders with a share of the Company's whole share capital of at least 5 (five) % must also receive a written notification (registered letter with a form for acknowledgment of receipt).

XI.a MEDIA PUBLISHING

Article 48.a
The Company publishes media on the basis of a resolution by the Management Board.

The media are be registered in the mass media register, which is kept by the competent ministry.

Each medium has an executive editor.  

Article 48.b

Media, published by the Company, disseminate program content according to the program concept and within the framework of financial, technical and personnel possibilities.

Content, published in the media, are divided into marketing content (ads) and informative content. Marketing content are all Company advertisements including ads, published by order of third parties, disregarding if they are paid ads or non-paid ads. Informative content is all other content, published in the media.

Article 48.c

A medium program concept is approved by the Management Board.

Prior to a fundamental modification or an essential update of the medium program concept, the management obtains the opinion of the editorial board.

Article 48.d

After obtaining the opinion of the editorial board the Management Board appoints and dismisses an executive editor for a term of office of 4 (four) years.

The executive editor may be any person who: fulfills the conditions stipulated in the mass media act, has editorial, organizational and leadership experiences and skills and submits an editorial concept statement.

Article 48.e

The editorial board of an individual medium comprises an executive editor and other employees, who prepare contents of the medium within their duties. Freelancers and contractors are not members of the editorial board.

The management can arrange the operation of the editorial board in detail with a special act.

Article 48.f

The executive editor and members of the editorial board make sure that all content published in the media, issued by the Company, is in accordance with valid regulations in the Republic of Slovenia and with the approved program concept.

The executive editor of the medium forms an editorial policy of the media within the approved program concept.

The executive editor and the editorial board of an individual medium are professionally bound to occupational and ethical journalist standards.

Journalists can form their articles and make decisions independently, in accordance with the mass media act, ethical norms and professional standards and within the program concept.

Nobody may demand of a journalist to write or change an article to include content, which the journalist does not agree with.

The executive editor may refuse publication of an article without explanation.

Article 48.g
The executive editor coordinates and distributes the tasks to journalists and other employees who prepare the content.

Members of the editorial board answer to the executive editor. Members of the editorial board report to the executive editor regularly.

The executive editor answers to the Management Board. The executive editor reports to the Management Board regularly.

**XII. DURATION AND TERMINATION OF THE COMPANY**

Article 49

The Company is established for an indefinite period.

**XIII. TRANSITIONAL AND FINAL PROVISIONS**

Article 50

From the date on which this statute enters into application the Statute of the public company Telekom Slovenije, d. d. (Official Journal of the Republic of Slovenia, No. 11/98) shall cease to be in effect with all amendments and additions. Other general acts of the public utility company are used as the Company's acts, unless they are in contradiction with the statute.

Amendments and additions to the general acts are approved by the Management Board, unless otherwise stipulated by law or some other regulation.

Article 51

Shares of the public company Telekom Slovenije, d. d. become the shares of the Company.

The share register of the public company Telekom Slovenije, d. d. shall become the share register of the Company.

Article 52

This statute shall enter into force on the day of its entry in the court register.
Material for point 4 of the agenda:

SUPERVISORY BOARD’S WRITTEN REPORT ON CONFIRMING THE ANNUAL REPORT FOR THE 2010 FINANCIAL YEAR

The General Meeting shall be briefed on the written report of the Supervisory Board regarding the confirmation of the Annual Report for the 2010 financial year.

Explanation:

In accordance with Article 282 of the Companies Act – ZGD-1 (Official Gazette of the Republic of Slovenia, No. 60/06 with latter amendments and supplements) the Supervisory Board must submit a written report to the General Meeting, in which it explains how it verified all sources for the Annual Report and the management of the company during the financial year.

Ljubljana, 20 July 2011

President of the Supervisory Board
Tomaž Berginc

Attachment: Written report of the Supervisory Board
The Supervisory Board functioned during the financial year in the composition as elected at the 15th General Meeting on 22 April 2009. Tomaž Berginc, MSc served as President, while Dr. Tomaž Kalin and Milan Richter served as Vice-Presidents. Other members of the Supervisory Board were Ciril Kafol, MSc, Dr Jaroslav Berce, Dr Marko Hočevar, Dr Zvonko Kremljak, Branko Sparavec and Martin Gorišek.

**Work of the Supervisory Board**

The Supervisory Board of Telekom Slovenije, d.d. held 14 ordinary sessions in 2010. No correspondence sessions were held. The number of sessions reflects the extraordinarily complex problems in operations in 2010. The majority of sessions were held at the company's registered office, while one was held in Pristina and another in Skopje. The Supervisory Board prudently and responsibly monitored and supervised the operations of Telekom Slovenije, d.d. Its primary focus was of the operations of the Telekom Slovenia Group as a whole, while it also monitored the operations of individual Group companies.

The Supervisory Board assesses that the Management Board of Telekom Slovenije, d.d. provided sufficient data, reports and information. Materials were received on time, so that members of the Supervisory Board could prepare for and discuss individual items on the agenda.

The members of the Supervisory Board function independently.

The Supervisory Board comprises competent members who are experts in their fields. With their experiences and familiarity of the company, employee representatives also bring a different view to the motives and behavior at the company.

The majority of members of the Supervisory Board attended all sessions. All members were present at eight sessions. One member was absent from four session, while two members were absent from three sessions. The majority of decisions were approved unanimously, reflecting the uniform view of members with regard to problems and their resolution.

One of the most important decisions made by the Supervisory Board in 2010 was the creation and appointment of Telekom Slovenije, d.d.’s new Management Board. The new President of the Management Board, Ivica Kranjčević, was appointed in 2009 on the basis of public tender. His term of office began when the term of office of the previous President of the Management Board, Bojan Dremelj, MSc, expired on 13 March 2010. Dušan Mitić ended his term of office prematurely on 30 April 2010, while Dr Filip Ogris-Martič and Željko Puljić, MSc completed their four-year terms of office. The term of office of Workers Director Darja Senica also expired in 2010. She was reappointed as member of the Management Board and Workers Director. The Supervisory Board appointed the remaining members of the Management Board Zoran Vehovar, MSc and Marko Boštjančič on 1 May 2010, and Dr Jožko Peterlin on 1 June 2010. The members of the Management Board were approved based on the proposal of the Supervisory Board's Human Resources Committee and the President of the Management Board. The new Management Board began functioning in its full composition on 1 June 2010 and immediately faced extensive and complex challenges. In the area of human resources, the Supervisory Board approved the replacement of members of boards of directors and the managing directors of subsidiaries.

The Supervisory Board monitored the operating results of the Telekom Slovenia Group. Since assessments of operations and forecasts of results indicated deviations from the annual plan, the Supervisory Board approved a revised plan for 2010 in the middle of the year and laid it upon the Management Board to draft the Telekom Slovenia Group's strategic plan for the period until 2015, which is in the making.

The Supervisory Board regularly monitored results, in terms of both costs and revenues, and requested that the Management Board implement prompt measures. It constantly emphasized that raising revenues in the short term is not possible, and that this alone will not lead to a significant improvement in operations. Special attention was given to the results of subsidiaries abroad (primarily
to One, DOO and Ipko, d. o. o.), as it was apparent mid-year that they would not achieve their business plans. The refinancing of loans and an increase in the capital of a Macedonian company were required This also lead to personnel changes and changes to business plans at the aforementioned companies.

Owing to the failure to achieve business plans in previous years and in 2010, and due to amended plans for the future, an assessment of Telekom Slovenije, d. d.'s financial investments in certain subsidiaries was required at the end of 2010. Appraisals indicated the need to impair investments in the total amount of EUR 211.2 million, which had a significant impact on operating results in 2010. The Supervisory Board gave special attention to the inappropriate governance mechanisms of acquired companies and the establishment of actual operational controls at these companies. Thus, legal relations with minority shareholders, particularly at On.net, d. o. o., had to be put in order. Measures to simplify the governance of these companies were also adopted.

Doubts arose again with regard to the purchase price of certain companies and their subsequent governance. An audit of the purchases of Interseek, d. o. o., On.net, d. o. o. and Cosmofon (now One, d. o. o.) was carried out in 2010 with the aim of clarifying circumstances and certain past business decisions. The audit identified certain business decisions that can not be assessed as prudent. The Supervisory Board insisted that individual cases be researched in depth and that legal proceedings based on expert legal opinions be initiated against those responsible.

The Supervisory Board also continuously monitored certain investments, in particular in digital cable TV in Macedonia, the construction of the regional (Balkan) fiber optic network, the construction and utilization of the fiber optic network in Slovenia and the upgrading of electrical devices at the Cigaletova location.

Regardless of the fact that the majority of unfavorable trends in the operations of the Telekom Slovenia Group were linked to markets outside of Slovenia, the Supervisory Board also closely monitored developments in Slovenia and the efforts of the Management Board to maintain market shares in key segments, while maintaining the profitability of operations.

In addition to audits of Telekom Slovenia Group companies' operations by the relevant auditors, members of the Supervisory Board reviewed individual projects and adopted recommendations for the Management Board to improve internal controls. Certain findings were the result of an additional legal audit.

While monitoring the results of the Telekom Slovenia Group, it became clear that Telekom Slovenije, d. d. required a new strategic business plan. In line with the competences of its members, the Supervisory Board decided that the drafting of this plan would be monitored by one of its special committees. The most important project in the scope of the Telekom Slovenia Group's strategic plan is the restructuring of Group companies' operations, the essence of which is the merger of the fixed and mobile operators, Telekom Slovenije, d. d. and Mobitel, d. d. The project's name is Orion. The Supervisory Board monitors the project's process through a committee that also monitors the drafting of the Group's strategy, as Orion is currently the most important project in the Group. The project aims to identify synergies between the mobile and fixed operators, offer the market new convergent services and optimize the costs of the Group, while merging two companies with different operational cultures. The first results of the project should be evident with the formal legal merging of the companies on 1 July 2011. The Supervisory Board has given the project its full support.

In the scope of monitoring the operations of the Telekom Slovenia Group, the Supervisory Board requested that the Management Board amend the business plan and draft measures for the implementation of a new business plan. What was perceived during the financial year was clearly evident at the end of the year following the appraisal of investments abroad. The impairment of capital investments and assets abroad, as well as some in Slovenia, was required. The company's current liquidity was never threatened, nor was the repayment of its liabilities arising from bond issues. The Supervisory Board will regularly monitor and exert its influence over the implementation of the company's plans and new strategy, which will ensure that the company achieves expected results in the coming years.

Work of Supervisory Board committees
The Supervisory Board’s committees discussed important topics related to the Supervisory Board’s work and advised it in important matters. This contributed significantly to improving the work and effectiveness of the Supervisory Board. The work of committees is described in detail in the section Corporate governance statement in the Business Report section of the annual report.

Assessment of the work of the Management Board and Supervisory Board

The work of the Supervisory Board and its committees was carried out in 2010 in line with legal provisions, the Corporate Governance Code and other recommendations of the Ljubljana Stock Exchange. The Supervisory Board precisely and comprehensively verified and monitored the governance of the company. At its sessions, the Supervisory Board worked with the Management Board and its authorized representatives. It continuously assessed the work of the Management Board, in particular when it discussed interim results from business operations. The Management Board and Supervisory Board worked well at sessions, while the presidents of the Management Board and Supervisory Board communicated regularly between the sessions. The members of the Supervisory Board continuously demonstrated their willingness for training and professional development. They attended several training programs as a group, while individual training was also organized. Several external expert opinions were drafted for the Supervisory Board, primarily regarding possible lawsuits and claims for damages due to poor past business decisions. Supervisory Board monitored possible conflicts of interest between its members and took a position in one case.

Approval of the annual report and the proposed use of the distributable profit for 2010

The Supervisory Board thoroughly reviewed the annual report of Telekom Slovenije, d.d. and the Telekom Slovenia Group for 2010 by the legally prescribed deadline. The Supervisory Board finds that the Telekom Slovenia Group did not perform in line with expectations in 2010. Deep-rooted changes in operations are required for the Telekom Slovenia Group to reach a level comparable with that of similar European operators in terms of performance indicators. Projects were launched in 2010 aimed at re-establishing the Telekom Slovenia Group as one of the most successful companies in Slovenia and at positioning Telekom Slovenije, d.d. among other comparable operators. The Group’s main projects are the merger of Telekom Slovenije, d.d. and Mobitel, d.d. and the drafting of the Telekom Slovenia Group’s new strategy.

The Telekom Slovenia Group generated EUR 843.5 million in operating revenues in 2010. EBITDA, adjusted for the effect of impairments, stood at EUR 247.2 million in 2010, or 92% of that achieved a year earlier. Earnings before interest and taxes (EBIT) was negative in the amount of EUR 178.5 million due to the aforementioned impairment. Following the calculation of corporate income tax in the amount of EUR 7.9 million, the Telekom Slovenia Group disclosed a net loss of EUR 210.3 million in 2010.

The Supervisory Board was briefed on and discussed the audit report, in which the certified auditors of Ernst & Young find that the financial statements, which are an integral part of the annual report, present a true and fair picture of the financial position of the company and the Group, their financial and operating results and changes in equity. The Supervisory Board had no comments regarding the audit report. It likewise had no comments or reservations that would prevent the adoption of a decision to approve the annual report and consolidated annual report.

The Supervisory Board finds that the annual report is a credible reflection of developments and a comprehensive source of information regarding operations in 2010. The annual report of Telekom Slovenije, d.d. and the consolidated annual report of the Telekom Slovenia Group, with the accompanying audit report for 2010, were approved by the members of the Supervisory Board at its meeting of 21 April 2011. We thus hereby formally approve the annual report in accordance with the provisions of Article 282 of the ZGD-1 and the Statute of Telekom Slovenije, d.d..

Tomaž Berginc
President of the Telekom Slovenije, d.d. Supervisory Board
Material for point 5 of the agenda:

PROPOSAL FOR THE USE OF DISTRIBUTABLE PROFIT FOR THE 2010 FINANCIAL YEAR AND PROPOSAL FOR THE DISCHARGE OF THE MANAGEMENT AND SUPERVISORY BOARDS FOR THE 2010 FINANCIAL YEAR

Telekom Slovenije d.d. Management Board and Supervisory Board propose that the General Meeting adopt the following

resolution:

5.1. The distributable profit, which amounted to €29,500,000.00 for 2010, shall be used in the following way:
   – payment of dividends in the amount of €19,516,434.00 or €3 per share (gross),
   – the remaining distributable profit amounting to €9,983,566.00 shall be transferred to the following year.

Dividends shall be paid out to shareholders who were entered in the shareholders register as shareholders with the right to dividends two working days following the adoption of this resolution at the company’s General Meeting, within 60 days after the adoption of this resolution.

5.2. The General Meeting shall grant discharge to the Management Board for the 2010 financial year.

5.3. The General Meeting shall grant discharge to the Supervisory Board for the 2010 financial year.

Explanation:

The audited 2010 Annual Report has been discussed and approved by the company’s Supervisory Board. Dividends shall be paid out in accordance with the results achieved, the company’s development plans and dividend policy.

In accordance with articles 293 and 294 of the ZGD-1, the General Meeting shall decide on the use of distributable profit and the discharge of the management and supervisory boards. In accordance with the recommendation of the Corporate Governance Code, the vote on granting the discharge to the management and supervisory boards is carried out separately.

Ljubljana, 20 July 2011

President of the Management Board
Ivica Kranjčević

President of the Supervisory Board
Tomaž Berginc

Attachment: The 2010 Annual Report
Material for point 6 of the agenda:

PROPOSAL FOR THE APPOINTMENT OF AN AUDITOR FOR AUDITING TELEKOM SLOVENIJE, D.D. FINANCIAL STATEMENTS FOR THE 2011 FINANCIAL YEAR

The Telekom Slovenije d.d. Supervisory Board proposes that the General Meeting adopts the following

resolution:

The General Meeting shall appoint auditing company Ernst&Young, d. o. o., Dunajska 111, Ljubljana for the auditing of Telekom Slovenije, d.d. financial statements for the 2011 financial year.

Explanation:

The Auditing Act (ZRev-2; the Official Gazette of the Republic of Slovenia, No. 65/08) has set certain criteria, which strongly limit the selection of the auditor. The audit should not be performed by an audit company if the audit company or any organizational unit in the network it belongs to, or person connected with the audit company performs or has performed in the two years prior to concluding an agreement on the auditing of a legal person's financial statements valuation services, tax consultation services, agency services in tax and judicial procedures, business and financial consultancy services legal services, etc. A certified auditor is prohibited from auditing an individual legal person if he/she has, as key audit partner, audited the financial statements of a legal person for seven consecutive years following the date of his/her first appointment, and if following the last audit, two years have not passed for which another key audit partner audited the financial statements. The seven year period starts when the auditing company is first appointed as the auditors after the said Act stepped into force. The financial statements of Telekom Slovenije, d.d., and the Telekom Slovenia Group have been audited by Ernst & Young, d.o.o., since 2005, which according to the provision in ZRev-2 presents 3 years after the Act stepped into force.

Loan contracts with foreign banks require an internationally renowned auditing firm. The current auditor, Ernst&Young, fulfills all the legal conditions, conditions set in loan contracts, and carries references from Slovenia and abroad. Its key advantage in the processes of merging is that it is closely acquainted with the operations of Telekom Slovenije, d.d., Mobitel, d.d., and the Telekom Slovenia Group. There are three internationally acclaimed auditing firms that could be appointed as auditors apart from Ernst & Young, however other facts that exclude this possibility must be taken into account, as they have been hired or are hired to perform financial and tax audits, valuate the companies, perform forensic audit, or extraordinary audit in the past two years or in the current year.

In accordance with the Companies Act and the Auditing Act and on a proposal by the auditing commission, the Supervisory Board proposes that Ernst&Young, d.o.o., Ljubljana be appointed the auditor, having the adequate experience in auditing in the telecommunications sector, being familiar with Telekom Slovenije, d.d., and the Telekom Slovenia Group’s operations, and having references at home and abroad.

Ljubljana, 20 July 2011

President of the Supervisory Board
Tomaž Berginc
Material for point 7 of the agenda:

RENUMERATION TO THE MEMBERS OF THE TELEKOM SLOVENIJE, D.D. SUPERVISORY BOARD

Telekom Slovenije d.d. Management Board and Supervisory Board propose that the Telekom Slovenije, d.d., General Meeting adopt the following

resolution:

7.1. The Supervisory Board members receive an attendance fee for attending the session, which amounts to €275.00 gross per a member.

For attending a commission session, the Supervisory Board commission members receive an attendance fee amounting to 80% of the attendance fee for attending the Supervisory Board session.

The attendance fee for correspondence sessions amounts to 80% of the regular attendance fee.

Regardless of this and the number of sessions attended, a Supervisory Board member is entitled to receive attendance fees until their sum in a financial year, be it fees for attending the Supervisory Board sessions or Supervisory Board commissions’ sessions, amounts to 50% of the basic remuneration for performing the office that an individual Supervisory Board member is entitled to annually.

7.2. In addition to attendance fees, Supervisory Board members also receive basic remuneration in the amount of €11,000 gross annually per member.

7.3. The Supervisory Board chairman is also entitled to an additional payment in the amount of 50% of the basic remuneration for Supervisory Board members, while the Supervisory Board chairman deputy is entitled to additional payment in the amount of 10% of the basic remuneration for Supervisory Board members.

Members of Supervisory Board commissions receive remuneration for performing the office which amounts to 10% of basic remuneration for Supervisory Board members. The commission chairman is also entitled to additional payment in the amount of 25% of the remuneration for Supervisory Board commission members.

7.4. Supervisory Board members and Supervisory Board commission members receive the basic remuneration and additional payment in proportional monthly payments, which they receive as long as they perform the office. Monthly payments amount to one twelfth of the above determined annual amounts. Regardless of the above said and the number of Supervisory Board commissions in which they participate or which they chair, individual members of Supervisory Board commissions are entitled to receive additional payments until their sum in a financial year amounts to 50% of the basic remuneration for performing the office an individual Supervisory Board member is entitled to annually.

7.5. The cap on the attendance fees and additional payments to Supervisory Board members does not affect the member’s duty to actively participate in all Supervisory Board sessions, and sessions of the commissions of which they are a member, or the Supervisory Board member’s responsibility defined by the law.

7.6. Supervisory Board members are entitled to travel expense reimbursement, per diem and accommodation cost reimbursement related to their Supervisory Board work in the amount determined by the regulations on work-related cost reimbursement and other income not included in the tax base. Supervisory Board members or Supervisory Board commission members are only
entitled to accommodation cost reimbursements if their permanent or temporary residence is at least 100 kilometers away from the location where the body meets, or if they were unable to return because no public transport was available, or for other objective reasons.

7.7. Education and training costs for Supervisory Board members in fields relevant to their good and efficient work are covered by Telekom Slovenije, d.d. This is regulated in more detail in the Supervisory Board Rules of Procedure.

Explanation:

In line with Paragraph 2 of Article 48 of the Code on managing company’s with the state capital investments, the Capital Assets Management Agency of the Republic of Slovenia (hereinafter: the Agency) has adopted Criteria for paying members of supervisory bodies in companies with state capital investments (hereinafter: the criteria). The criteria determine in more detail the system for paying members of supervisory bodies in companies with state capital investments. The amount paid to members of supervisory bodies must be in line with Slovenian and international good practice guidelines.

In line with Article 284 of the ZGD-1, members of the supervisory board may receive payment for their work, which is determined by the Statute or the General Meeting. In companies with state capital investments, the payment is determined by a resolution taken by the General Meeting. The payment must be in proportion with Supervisory Board members’ tasks and the company’s financial situation. Supervisory Board members must not be included in profit sharing.

In addition to reimbursement of costs, the Supervisory Board members are also given payment. The payment system in the company should motivate members to work responsibly and actively in the supervisory board, and provide appropriate composition of the supervisory board. All payments to supervisory board members comprise:

– Payment for performing the office,
– Attendance fees,
– Reimbursement of costs related to performing the office.

When determining the amount paid to supervisory board members for performing their office, the following circumstances are taken into account:

– The scope, difficulty and complexity of members’ tasks and their responsibility,
– The expertise and work required from the members,
– The size of the company,
– The complexity of the company’s operations,
– The company’s financial situation, etc.

The payment for performing the office of a member comprises:

– The basic remuneration for performing the office, and
– Additional payment for member’s special obligations, tasks or functions.

Supervisory board member's special obligations, tasks and functions may be:

– The post of the president or vice-president,
– Concrete tasks that an individual member is in charge of,
– The post of a commission president or member.

The payment for performing the office is determined as an annual sum, which is paid out in monthly portions. Individual members are only entitled to monthly payments for the period in which they actually perform the office of a supervisory board member.

The attendance fee is compensation for the time a supervisory board or a supervisory board commission member spends at the session. Regardless of the planned or usual number of sessions held by the supervisory board or board of directors, the total sum of attendance fees should not exceed 50% of the basic remuneration for performing the office.
Cost reimbursement presents reimbursement of costs related to their work in the supervisory board (transport cost, per diem, accommodation cost, administrative and other costs, etc).

Ljubljana, 20 July 2011

President of the Management Board
Ivica Kranjčević

President of the Supervisory Board
Tomaž Berginc
Material for point 8 of the agenda:

**BRIEFING ON SUPERVISORY BOARD MEMBERS’ RESIGNATION AND ELECTION OF NEW SUPERVISORY BOARD MEMBERS**

The Telekom Slovenije d.d. Supervisory Board proposes that the General Meeting adopts the following resolution:

8.1. The General Meeting is informed about the resignation of Supervisory Board members Ciril Kafol and Zvonko Kremljak, who represent the shareholders. The resignation becomes effective on 31 August 2011.

8.2. The General Meeting shall elect Franci Mugerle and Samo Sanzin to their posts of Supervisory Board members representing the shareholders. Their terms start on 1 September 2011 and conclude together with the term of the current Supervisory Board.

**Explanation:**

Based on article 26 of the Telekom Slovenije, d.d. Statute, the Supervisory Board has nine members, six of which represent the shareholders. On 22 April 2009, the General Meeting elected shareholders’ representatives in the Supervisory Board, and their term started on 26 April 2009.

The Supervisory Board proposes that the General Meeting elects the following candidates as the shareholders’ representatives in the Supervisory Board:

- **Franci Mugerle** graduated at the Ljubljana Faculty of Economics and finished specialized study program on financial audit. Between 1973 and 1977, he was the project manager for applicative computer solutions and headed project teams at ISKRA Center za avtomatsko obdelavo podatkov Ljubljana. He headed large sales projects and projects for implementing computer systems in sales for Control DATA Corporation representation until 1980. He was the director of the Automatic Data Processing Department at ISKRA industrija elementov za elektroniko Ljubljana from 1980 to 1985. From 1985 to 1987, he was a member of a collective management body at Tegrad p.o., Ljubljana, where he was in charge of commercial issues. He has been working at MAOP Računalniški inženiring d.o.o., Ljubljana, since 1987. He started as the director, and now he is a procurator. He has knowledge and competencies in financial accounting. He passed the training and exam on qualification for membership in a supervisory board.

- **Samo Sanzin** graduated in law at the Trieste Univesity in 1988, and in 1991 he passed the bar exam at the Trieste Supreme Court. He works as lawyer at the Sanzin Law Office in Gorizia, Italy, and has worked for 23 years as a lawyer in the fields of commercial and criminal (in connection with commercial) law, and international law in the following fields: arbitration law, status and commercial law and disputes, securities and intellectual property law, financial law, competition protection law. In
both countries, he provides legal consultancy and represents private companies and public institutions with headquarters in Italy and Slovenia. He has experience with disputes related to management and supervisory board members’ responsibility in corporations.

In the 1990s, he was a member of the management board of Kmečka banka with headquarters in Italy. Currently he is a member of courts of honor in several associations and foundations.

The Supervisory Board believes that the proposed candidates will successfully perform the work of Supervisory Board members, considering their expert experience.

Ljubljana, 20 July 2011

President of the Supervisory Board
Tomaž Berginc