Materials for item 2 of the agenda:

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

The Telekom Slovenije d.d. Management Board proposes 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 resolutions in the form of minutes compliant to the legislation.

Ljubljana, 16 May 2012

President of the Management Board
Ivica Kranjčević
Materials for item 3 of the agenda:

SUPERVISORY BOARD’S WRITTEN REPORT
ON THE APPROVAL OF THE ANNUAL REPORT FOR THE 2011 FINANCIAL YEAR

The General Meeting shall study the Supervisory Board's written report on the approval of the 2011 annual report.

Justification:

Pursuant to Article 282 of the Companies Act (hereinafter: the ZGD-1, Official Gazette of the Republic of Slovenia, No. 60/06, amended), the Supervisory Board must draw up a written report for the General Meeting in which it explains how it verified all of the bases for the annual report and the governance of the Company during the financial year.

Ljubljana, 16 May 2012

Chairman of the Supervisory Board:
Tomaž Berginc, MSc

Enclosure: written report of the Supervisory Board
Report of the Supervisory Board of Telekom Slovenije, d. d. for the 2011 financial year

The Supervisory Board functioned in the following composition during the 2011 financial year: Tomaž Berginc, MSc, Dr Tomaž Kalin, Dr Marko Hočevar, Dr Jaro Berce, Milan Richter, Brane Sparavec and Martin Gorišek. Ciril Kafol, MSc, and Dr Zvonko Kremljak tendered their resignations and were replaced by Nataša Štelcer MSc, and Franci Mugerle on 1 September 2011.

Tomaž Berginc, MSc served as President of the Supervisory Board, while Dr Tomaž Kalin and Milan Richter served as Vice-Presidents.

Work of the Supervisory Board

The Supervisory Board met at 15 regular and three correspondence sessions in 2011. The number of sessions reflects the extraordinarily complex problems in operations, which began in 2010 and continued in 2011. Sessions were held at the Company's registered office. The Supervisory Board prudently and responsibly monitored and supervised the operations of Telekom Slovenije. Its primary focus was on the operations of the Telekom Slovenije Group as a whole, while it also monitored the operations of individual Group companies.

The members of the Supervisory Board assess that the Management Board of Telekom Slovenije 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. When discussing specific items on the agenda, an external auditor was invited to attend Supervisory Board sessions and the sessions of the Supervisory Board's Audit Committee.

The members of the Supervisory Board function independently. The Supervisory Board comprises competent members who are recognised experts in their fields. With their experiences and familiarity with the Company, employee representatives also bring a different view to motives and behaviour at the Company.

The majority of Supervisory Board members attended all sessions. All members were present at ten sessions, while one member was absent from five sessions. The majority of decisions were approved unanimously, reflecting the uniform view of members with regard to problems and their resolution.

The Supervisory Board defined the necessary competences that are expected from each member of the Management Board. On 30 June 2011 the Supervisory Board prematurely terminated the mandate of Management Board member Dr Jožko Peterlin, and appointed Zoran Janko as new member, effective 27 October 2011.

The Supervisory Board regularly monitored the operating results of the Telekom Slovenije Group.

The Supervisory Board actively monitored the merger of Mobitel and Telekom Slovenije, which was carried out on 1 July 2011, and adopted all necessary decisions to facilitate the merger. To that end, it established a committee back in 2010 to monitor the drafting of the Telekom Slovenije Group’s strategic plan and the Orion project. The committee closely monitored the entire merger process. Through the same committee, the Supervisory Board also monitored all strategic projects that were outlined in the strategy and arose through the merger of Telekom Slovenije and Mobitel. In conjunction with the legal merger of the companies, the Supervisory Board also approved the business process re-engineering project, which is expected to optimise Telekom Slovenije’s operations, primarily in terms of costs.

Simultaneously with the merger of Mobitel and Telekom Slovenije, the Supervisory Board participated in the drafting of the Telekom Slovenije Group’s strategic plan, which was adopted on 21 April 2011. With this strategic plan, the Company has drafted a document that sets out the future development strategy of the Telekom Slovenije Group and ensures growth and profitability that will make all stakeholders proud. The implementation of the strategy and any adjustments thereto are monitored by the Supervisory Board based on the business plan prepared for 2012, and through the work of its committees.
The Supervisory Board will continue to regularly monitor and influence the implementation of the Company's business plans and its new strategy. This will contribute to achieving the results expected from the Company in the coming years and ensure its operations are comparable with the best companies in the sector.

A resolution was adopted at the 18th General Meeting of Telekom Slovenije on 24 March 2011 regarding the appointment of a special auditor to verify the management of individual transactions. Prior to the adoption of the aforementioned resolution and irrespective of the audit findings, legal action was brought against two persons responsible for damages incurred in the purchase of On.net, based on the findings of the forensic audit of Telekom Slovenije's operations, which was ordered by the Supervisory Board.

The Supervisory Board regularly monitored the results of companies in Slovenia and in particular of those abroad, in terms of both costs and revenues, and approved personnel changes proposed by the Management Board. The operations of the subsidiary Ipko significantly improved in 2011 following the appointment of new CEO Robert Erzin, who took up his new position on 1 February 2011. The Supervisory Board approved the appointment of Ciril Kafol as CEO of One, effective 1 September 2011, the appointment of Vedran Krevatin as Managing Director at Avtenta.si, effective 1 March 2011, and the appointment of Rudi Škobe, who became Managing Director of Najdi (now TSmedia) on 1 April 2011 following the merger of Planet 9 with Najdi.

In 2011 the Supervisory Board approved capital increases for One in Macedonia and Avtenta.si, and gave its consent to the establishment of SiOL, d. o. o., Sarajevo and SiOL, d. o. o., Podgorica for the purpose of implementing the project to construct a regional fibre optic network in Bosnia and Herzegovina and Montenegro.

**Work of Supervisory Board committees**

There was no change in the number of Supervisory Board committees relative to 2010. 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 of the Telekom Slovenije Group, 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 2011 in line with legal provisions, the Corporate Governance Code and other recommendations of the Ljubljana Stock Exchange and the Capital Assets Management Agency of the Republic of Slovenia. The Supervisory Board precisely and comprehensively verified and monitored the governance of the Company throughout the year. At its sessions, the Supervisory Board worked with the Management Board and its authorised representatives. It continuously assessed the work of the Management Board, in particular when discussing interim results of the Company's operations. The Management Board and Supervisory Board worked well together at sessions, while the presidents of the Management Board and Supervisory Board communicated regularly between sessions. The members of the Supervisory Board continuously demonstrated their willingness for training and professional development. They attended several training programmes as a group, while individual training was also organised. Several external expert opinions were drafted for the Supervisory Board, primarily regarding possible lawsuits and claims for damages due to poor past business decisions. The Supervisory Board monitored possible conflicts of interest between its members.

The Supervisory Board also performed a self-assessment of its work and adopted an action plan at the beginning of 2012 to further improve the quality of its work in the future.

**Approval of the annual report**
The Supervisory Board thoroughly reviewed the annual report of Telekom Slovenije, d. d. and the Telekom Slovenije Group for 2011 by the legally prescribed deadline. The Supervisory Board finds that the Telekom Slovenije Group operated in accordance with and exceeded the business plan during the 2011 financial year. The Group generated EUR 824.5 million in operating revenues in 2011. EBITDA reached EUR 255.6 million in 2011, an increase of 3% on 2010. Earnings before interest and taxes (EBIT) was EUR 63.3 million. Following the calculation of corporate income tax in the amount of EUR 14.8 million, the Telekom Slovenije Group generated a profit of EUR 34 million in 2011.

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 operating and financial 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 2011. The annual report of Telekom Slovenije, d. d. and the consolidated annual report of the Telekom Slovenije Group, with the accompanying audit report for 2011, were approved by the members of the Supervisory Board at its session of 20 April 2012. We hereby formally approve the annual report in accordance with the provisions of Article 282 of the Companies Act and the Articles of Association of Telekom Slovenije, d. d.

Tomaž Berginc, MSc
President of the Supervisory Board of Telekom Slovenije, d. d.
Materials for item 4 of the agenda:

PROPOSAL FOR THE USE OF DISTRIBUTABLE PROFIT FOR THE 2011 FINANCIAL YEAR
WITH THE PROPOSAL FOR THE APPROVAL OF THE WORK OF THE MANAGEMENT BOARD
AND SUPERVISORY BOARD FOR THE 2011 FINANCIAL YEAR

The Company's Management Board and Supervisory Board propose that the General Meeting of Telekom Slovenije, d. d. adopt the following:

resolution:

4.1. Distributable profit, which amounted to EUR 119,698,445.94 for 2011, shall be used as follows:
- dividends shall be paid in the amount of EUR 33,763,430.82 or EUR 5.19 gross per share,
- EUR 42,000,000.00 shall be transferred to other reserves from profit, and
- the remainder in the amount of EUR 43,935,015.12 shall be brought forward to the following year.
Dividends shall be paid to shareholders who were entered in the register of shareholders with the right to dividends two working days following the adoption of this resolution at the Company's General Meeting, within 60 days following the adoption of this resolution at the General Meeting.

4.2. The General Meeting shall confer its official approval on the Management Board for its work in the 2011 financial year.

4.3. The General Meeting shall confer its official approval on the Supervisory Board for its work in the 2011 financial year.

Justification:

The audited 2011 annual report has been discussed and approved by the Company's Supervisory Board. Dividends shall be paid in accordance with the results achieved, the Company's development plans and its dividend policy.

On the basis of the provisions of Articles 293 and 294 of the ZGD-1, the General Meeting shall decide on the use of distributable profit and on the conferral of official approval on the Management Board and Supervisory Board. In accordance with the recommendation of the Corporate Governance Code, the vote on the conferral of official approval on the Management Board and Supervisory Board shall be carried out separately.

Ljubljana, 16 May 2012

President of the Management Board: President of the
Supervisory Board: Tomaž Berginc, MSc
Ivica Kranjčević

Enclosure: 2011 annual report
PROPOSAL FOR THE APPOINTMENT OF THE AUDITOR TO AUDIT THE FINANCIAL STATEMENTS OF TELEKOM SLOVENIJE, D. D. FOR THE 2012 FINANCIAL YEAR

The Company's Supervisory Board proposes that the General Meeting of Telekom Slovenije, d. d. adopt the following:

resolution:

The General Meeting shall appoint the auditing company KPMG Slovenija, podjetje za revidiranje, d. o. o. Ljubljana to audit the financial statements of Telekom Slovenije, d. d. for the 2012 financial year.

Justification:

The Auditing Act of June 2008 limits the selection of the auditor. Thus, pursuant to Article 45 of the Auditing Act, the audit should not be performed by an audit company if the audit company or any organisational unit in the network to which it belongs 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 any of the following services: valuation services, tax consultancy services, agency services in tax or judicial procedures, business and financial consultancy services, legal services or any other services that impact the items in the financial statements.

A certified auditor may not audit 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 initial 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 begins when the auditing company is first appointed as auditor following the entry into force of the aforementioned act from 2008. The financial statements of Telekom Slovenije, d. d., and the Telekom Slovenije Group have been audited by Ernst & Young, d. o. o. since 2005, i.e. for four years since the Auditing Act entered into force according to the provisions thereof.

The Company's Management Board has undertaken to select the auditor for 2012 on the basis of the collection of bids. The following four internationally recognised audit companies were invited to submit bids: Deloitte, Ernst & Young, KPMG, and PWC.

Recommendation no. 18.3 of the Corporate Governance Code recommends that a company change its key audit partner from the same audit company or the audit company itself at a minimum of every five years.

On 29 February 2012 the Capital Assets Management Agency of the Republic of Slovenia published recommendation no. 12, which in point 9 recommends that a company replace its audit company and key audit partner if it has performed audit tasks for the company for a continuous period of five years after its initial appointment, and if two years have not passed since the last audit, during which time the audit was performed by another key audit partner and other auditing company.

Taking into account the aforementioned recommendation, the audit company KPMG Slovenija, podjetje za revidiranje, d. o. o. Ljubljana, the second least expensive bidder, is proposed for the auditing of the financial statements, since the least expensive bidder, Ernst & Young, Revizija, poslovno svetovanje d. o. o. Ljubljana, may not be proposed given the recommendation of the Capital Assets Management Agency of the Republic of Slovenia.
The proposed contractor, KPMG Slovenija, podjetje za revidiranje, d. o. o. Ljubljana:

- submitted a statement that it fulfils the conditions of the Auditing Act and it knows of no limitations regarding the type of transactions pursuant to Article 45 of the Auditing Act;
- is the second least expensive of those companies submitting bids; and
- meets the conditions set out in loan agreements.

By changing auditors, the Company complies with recommendation no. 18.3 of the Corporate Governance Code and recommendation no. 12 of the Capital Assets Management Agency of the Republic of Slovenia, which both recommend that a company change its key audit partner from the same audit company or the audit company itself at a minimum of every five years.

In accordance with the Companies Act and the Auditing Act, and based on the proposal of the Audit Committee, the Supervisory Board recommends that the General Meeting appoint the auditing company KPMG Slovenija, podjetje za revidiranje, d. o. o. Ljubljana, to audit the financial statements of Telekom Slovenije, d. d. for the 2012 financial year.

Ljubljana, 16 May 2012

Chairman of the Supervisory Board:
Tomaž Berginc, MSc
Materials for item 6 of the agenda


The Company’s Management Board proposes that the General Meeting of Telekom Slovenije, d. d. adopt the following:

resolution:

The General Meeting shall nullify the resolution under item 7.7., which was adopted at the 20th General Meeting of 31 August 2011 regarding the remuneration of members of Telekom Slovenije, d. d.’s Supervisory Board, as it relates to the reimbursement of the education and training costs of members of the Supervisory Board in areas relevant to the high-quality and efficient performance of their tasks.

Justification:

A resolution was passed at the 20th General Meeting of 31 August 2011 relating to the remuneration of members of Telekom Slovenije, d. d.’s Supervisory Board. Item 7.7. of the aforementioned resolution reads:

“7.7. Education and training costs of Supervisory Board members in areas relevant to the high-quality and efficient performance of their tasks are covered by Telekom Slovenije, d. d. and regulated in detail in the rules of procedure of the Supervisory Board.”

In recommendation no. 12 (valid as of 29 March 2012), the Capital Assets Management Company of the Republic of Slovenia recommends that, when convening a general meeting, companies in which the Republic of Slovenia holds capital investments should include an item in the agenda that will eliminate the legal basis (e.g. the general meeting resolution) for other payments (e.g. for education and training, membership dues, etc.) to members of the supervisory board, except payments for the performance of their function, meeting attendance fees and the reimbursement of costs relating to the performance of their function (e.g. transportation costs, subsistence allowance and accommodation costs).

Ljubljana, 16 May 2012

President of the Management Board:
Ivica Kranjčević
Materials for item 7 of the agenda

IMPLEMENTATION OF THE GENERAL MEETING RESOLUTION REGARDING THE SPECIAL AUDIT REPORT

The Company's Management Board proposes that the General Meeting of Telekom Slovenije, d. d. adopt the following:

resolution:

The General Meeting shall be briefed on the report of the Management Board and the special representative of the Ilić Law Firm from Ljubljana regarding the implementation of the General Meeting resolution of 7 March 2012 relating to the special audit report.

Justification:

The 21st General Meeting of 7 March 2012 was briefed on the report on the findings of the special audit of Telekom Slovenije, d. d. of 15 January 2012 by the auditors of Deloitte revizija, d. o. o., Davčna ulica 1, Ljubljana. Pursuant to the General Meeting resolution, the Management Board is obliged to report to shareholders at the next General Meeting with regard to potential lawsuits filed. The report will be presented to the General Meeting orally.

Ljubljana, 16 May 2012

President of the Management Board:
Ivica Kranjčević