gorenje
Gorenje, d.d.

Gorenje, d.d., Management Board

Pursuant to Article 11 of the Rules of Procedure for the Gorenje, d.d., Shareholders Assembly, the Management Board of Gorenje, d.d., hereby proposes the following

Resolution Proposal to Item 1 of the agenda:

The bodies of the General Assembly shall be elected.

Mrs. Katja Fink, Notary Public of Celje, shall be appointed to keep official Records of Proceedings.

E x p l a n a t i o n :

The Management Board has the authority and responsibility to propose to the Shareholders Assembly election of the bodies of the Assembly, i.e. the Assembly Chairman and members of the verification committee for the voting and election procedure, and to arrange the presence of a notary public. Mrs. Katja Fink, notary public, was invited by a written invitation to attend the Assembly; she accepted the invitation and confirmed her attendance.

Velenje, June 3rd 2011

President of the Management Board
Franc Bobinac

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GORENJE, D.D., SUPERVISORY BOARD REPORT ON THE AUDIT OF THE 2010 ANNUAL PLAN

Dear shareholders.

In 2010, the Supervisory Board supervised the operations of the company Gorenje, d.d., and the Gorenje Group in compliance with the powers and authorizations specified by the relevant legislation and the company Articles of Association, and performed other tasks within the framework of its powers.
The Supervisory Board, comprising ten members, included the following members until July 18th 2010: Jože Zagožen as chairman, Ivan Atelšek as deputy chairman, and Peter Ješovnik, Milan Podpečan, Andrej Presečnik, Gregor Sluga, Peter Kobal, Drago Krenker, Krešimir Martinjak, and Jurij Slemenik as members. At the 14th and 15th Shareholders Assembly, new Supervisory Board members were elected for a term of four years, until July 19th 2010.

The Shareholders Assembly elected new Supervisory Board members for a term of four years, lasting through July 19th 2010.

At the constituent session of the new Supervisory Board held on July 19th 2010, the members elected the chairperson and two deputies. The Supervisory Board thus comprises: Uroš Slavinec as the chairman, Maja Makovec Brenčič as deputy chairwoman, Krešimir Martinjak as deputy chairman, and Marcel van Assen, Peter Kraljič, Keith Miles, FCA, Bernard Pasquier, Peter Kobal, Drago Krenker, and Jurij Slemenik as Supervisory Board members.

Supervisory Board Activities
During the year, the Supervisory Board was focused predominantly on business and financial development of the Gorenje Group and its parent company, major business events, and pursuit of general strategic and business policies. The Supervisory Board held seventeen sessions in 2010, of which five were correspondence sessions. Previous Supervisory Board team met twelve times (of which five were correspondence sessions) and the new team held five sessions.

Before the start of last fiscal year, the Supervisory Board adopted the 2010 Business Plan; in January last year, it adopted the Gorenje Group Strategic Plan for the period 2010-2013. The documents represent the goals or business framework; during the year, the Supervisory Board monitored the pursuit thereof and consistence therewith. Since the business environment in 2009 was very harsh and Gorenje Group ended the year with a net loss, yet attained a notable free cash flow, Supervisory Board was concentrated on the improvement of business indicators in all areas of operations, improvement to profitability, retaining productive jobs, and on entrance to new markets in order to restore the company's positive results. Consistently with the practice to date, the Supervisory Board was regularly informed about major business events and attainment of general strategic and business policies. Both business and strategic plan were laid out ambitiously. Hence, the Supervisory Board evaluated the performance in 2010 as good, which is certainly a result of the work of the management and all employees at the company. The company Management Board was cautioned that working capital management must be improved in terms of inventory management and particularly receivables management, in order to improve the free cash flow.

Company Supervisory Board and Management Board unanimously supported the entry of the International Finance Corporation into the company as both shareholder and creditor. By contributing just under EUR 25 million, the IFC became the second largest company shareholder with an 11.8-percent stake. At the same time, the IFC grated the company a long-term loan in a total amount of just over EUR 101 million, of which EUR 50 million were contributed directly by the IFC while the rest was secured as a syndicated loan by three banks. Gorenje, d.d., signed a strict loan agreement with the IFC, defining among other aspects the covenants that the company has to meet. The extent and the austerity of the agreement led the Supervisory Board to authorize its Audit Committee to regularly monitor the compliance with the covenants specified in the agreement and to report to the Supervisory Board thereon. The Management Board also provided regular and up-to-date information to the Supervisory Board about the performance of the competitors, and about the operating conditions with emphasis on the conditions in global markets, changes in prices of raw and processed materials, and risk management. Furthermore, the Supervisory Board regularly monitored the compliance with the resolutions adopted at the Supervisory Board sessions, and found that the Management Board carried out and complied with all resolutions adopted at the Supervisory Board sessions. Moreover, the Supervisory Board watchfully kept track of all public announcements in the media regarding Gorenje and tasked the Management Board to be accurate and consistent in their response thereto, and to provide equal information to all stakeholders.

Consistently with the best practice of corporate governance, the Supervisory Board appointed a six-member nomination committee with the following membership: Jože Zagožen, Supervisory Board Chairman; Peter Ješovnik, Supervisory Board member; representatives of three largest shareholders (Bachtiar Djalil of Kapitalska družba, d.d.; Andraž Grahek of KD Skladi, d.o.o.; and Philip Sluiter of Home Products Europe B.V.); and representative of the general public and minor shareholders, Bogomir Kovač of the Council of Accreditation and Staffing (KAS). The Nomination Committee carefully examined the list of candidates for the new Supervisory Board term and proposed the candidates to the Supervisory Board.

The Supervisory Board also paid due attention to the integration of acquired companies (particularly Asko) into the Gorenje Group and cautioned the Management Board that synergies must be reaped in all areas of operations and that the acquired companies should be merged with and integrated into the Gorenje Group system as soon as possible.

The Supervisory Board also discussed the executive pay for the Management Board. Upon the introduction of the 36-hour working week in early 2009, the Management Board's executive pay (compensation and rewards) was cut, following a proposal by the Management Board, by 10 percent. As of November 2009, executive pay was, again based on a proposal by the Management Board, cut by further 25 percent on average. Due to uncertain conditions in 2011, Management Board members' executive pay will remain at the same, lower level.

As in 2008 and 2009 when the Management Board waived their right to a reward, Management Board members waived any reward for the fiscal year 2010 as well. In 2010, the Supervisory Board again evaluated their work and the work of the committees active in 2010. The Supervisory Board finds that both the Supervisory Board and its committees performed their work adequately, in compliance with their powers and authority, and even beyond their specified tasks, consistently with the resolutions adopted by either the Supervisory Board or particular committees. The Supervisory Board found that no circumstances are present with regard to any of the Supervisory Board members or committee, which would lead to a conflict of interest or dependence, and that the composition of the Supervisory Board is appropriate. Furthermore, the Supervisory Board was quite promptly inducted, i.e. informed about the operations and the organization of the company at all levels; however, the Supervisory Board appealed to the Management Board to show even more commitment in providing up-to-date information to the Supervisory Board regarding the key issues that may not be on the Supervisory Board's agenda.

Until July 18th 2010, the Audit Committee as a mandatory Supervisory Board committee included the following members: Milan Podpečan, chairman; Peter Ješovnik, Gregor Sluga, Drago Krenker, and Mateja Vrankar, members. As of July 19th 2010, Audit Committee membership was as follows: Keith Miles, FCA, chairman; Drago Krenker, Aleksander Igličar, members. The issues that received the most attention of the Audit Committee was whether the material prepared for the Supervisory Board sessions, which is within the domain of Audit Committee activities, complies with all required standards considering the principle of prudence and consistency of reporting etc. In 2010, the Audit Committee held seven sessions; three sessions were held by the previous committee and four were held by the new committee. In addition to discussing the interim reports, the Audit Committee also discussed the work of the internal audit at the parent company, risk management system at the parent company, and taxation-related risks from the aspect of transfer pricing at the Gorenje Group; and held a meeting with the representatives of the KPMG Slovenia, d.o.o., auditing company regarding the pre-audit and audit procedures for 2010. Pursuant to the Supervisory Board resolution the Audit Committee paid special attention to the review of the loan to the company Inter Solar. The loan had been disclosed in all confirmed and adopted Annual Reports of the companies involved, and the auditing companies and a law firm had previously reported thereon. In addition, another auditing company shall conduct another audit and review of the deal in 2011 and submit their opinion.

The Supervisory Board also founded a Benchmark Committee consisting of Maja Makovec Brenčič as chairwoman and Marcel van Assen, Peter Kraljič, Bernard Pasquier, and Peter Kobal as members. The key purpose and goal of the Benchmark Committee is to define who the real competitors are to which our company should be compared, in which fields such comparison should be made, and what methods and criteria should be applied in such comparison. Based on a selection of competitors, methods, and indicators, the Committee shall define a timeline for company activities to improve the strategy and strategic plan in the period from 2011 on.

Also a part of the Supervisory Board is the Corporate Governance Committee which includes Peter Kraljič, Bernard Pasquier, and Franjo Bobinac, President and CEO, representing the company. The task of this committee is to find the best possible system of organization and corporate governance at the Gorenje Group in the future, which will account for the Group's increasing international presence and the need to adapt in all areas of operations.

Annual Report

On April 11th 2011, the company Management Board presented to the Supervisory Board for adoption the audited Annual Report of Gorenje, d.d., and the Gorenje Group, for the year 2010. The Supervisory Board discussed the Annual Report at the meeting held on April 19th 2011.

The Annual Report of the company Gorenje, d.d., and the Gorenje Group for the year 2010 was audited by the auditing company KPMG Slovenia, d.o.o. The audit was also conducted at all subsidiaries of the Gorenje Group.

On April 15th 2011, the auditing company issued an unqualified opinion on the Annual Report of Gorenje, d.d., and the consolidated Annual Report of the Gorenje Group for 2010.

The Supervisory Board Audit Committee discussed the 2010 Annual Report including the Auditor's Report and Management Letter and presented their views and opinions thereon.

Following the review and audit of the 2010 Annual Report and considering the fact that the Supervisory Board regularly monitored the management and the operations of the company and the Gorenje Group and kept up-to-date with the performance, financial status, and property of Gorenje, as well as the market circumstances in which the Group operates, the Supervisory Board found the company performance in 2010 good, except for the cash flow management where achievements were viewed as merely moderately successful. In the aftermath of relatively high loss in 2009, the Management Board implemented measures to cut costs and to increase the profit margins, market shares, and profitability, particularly in the Home Appliance Division, and thus managed to make a considerable breakthrough, outdoing the planned results. In this year, the Management Board shall have to make every effort to attain the planned net profit and to increase the free cash flow by improved management of inventory, receivables, and trade payables.

The Supervisory Board confirmed that the 2010 Annual Report prepared by the Management Board and audited by a certified auditor was compiled in a clear and intelligible manner and in compliance with the provisions of the Companies Act and effective International Accounting Standards. The Supervisory Board reviewed and confirmed the Auditor's Report to which no objections were made. Therefore, the Board finds that the Annual Report presents a true and fair account of the property, liabilities, financial position, and income, as well as a fair account of the development of operations and the business position of the parent company and the Gorenje Group.

As a result of the said findings, the Supervisory Board adopted on April 19th 2011 the Annual Report of the company Gorenje, d.d., and the consolidated Annual Report of the Gorenje Group for the year 2010 as proposed by the Management Board.

Distributable profit and proposal for its allocation

Pursuant to the Companies Act and the Articles of Association of Gorenje, d.d., the company decided to allocate a part of the net profit (profit after taxes) for the 2010 fiscal year, amounting to EUR 2,924,939.50 for the recognition of statutory reserves in the amount of EUR 292,493.95, and other reserves from profit in the amount of EUR 1,316,222.78; the Supervisory Board agreed with such proposal.

The remaining sum of the net profit for 2010 amounts to EUR 1,316,222.77; retained earnings amount to EUR 928,597.92; hence, the distributable profit for 2010 amounts to EUR 2,244,820.69.

The Management Board and Supervisory Board propose to the Shareholders Assembly that the distributable profit for the 2010 fiscal year, amounting to EUR 2,244,820.69, remain unallocated.

In defining the proposal on the allocation of distributable profit for 2010, the Management Board and Supervisory Board complied with the effective provisions of the Companies Act and the Articles of Association of Gorenje, d.d.

Furthermore, the Supervisory Board proposes to the Shareholders Assembly to grant discharge to the Management Board and Supervisory Board for their work in 2010.

The Supervisory Board compiled this report in compliance with the provisions of Article 282 of the Companies Act (ZGD-1); it is intended for the Shareholders Assembly.

Velenje, April 19th 2011

Uroš Slavinec
Supervisory Board Chairman

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The Management Board and the Supervisory Board of Gorenje, d.d.,

hereby propose to the Shareholders Assembly for discussion and adoption the following

Resolution Proposal to Item 3 of the agenda:

1. Distributable profit for the 2010 fiscal year, in the amount of EUR 2,244,820.69, shall remain unallocated.

2. Discharge shall be granted to the company Management Board and Supervisory Board for the fiscal year 2010.

E x p l a n a t i o n :

The Supervisory Board discussed and adopted the audited 2010 Annual Report on April 19th 2011. Pursuant to provisions of Articles 193 and 294 of the Companies Act ZGD-1, the Shareholders Assembly shall vote on the allocation of distributable profit and on granting discharge to the company Management Board and Supervisory Board.

Pursuant to the Companies Act and the Articles of Association of Gorenje, d.d., the company decided to allocate a part of the net profit (profit after taxes) for the 2010 fiscal year, amounting to EUR 2,924,939.50 for the recognition of statutory reserves in the amount of EUR 292,493.95, and other reserves from profit in the amount of EUR 1,316,222.78; the Supervisory Board agreed with such proposal.

The remaining sum of the net profit for 2010 amounts to EUR 1,316,222.77; retained earnings amount to EUR 928,597.92; hence, the distributable profit for 2010 amounts to EUR 2,244,820.69.

The Management Board and Supervisory Board propose to the Shareholders Assembly that the distributable profit for the 2010 fiscal year, amounting to EUR 2,244,820.69, remain unallocated. Given the fact that the business environment in 2011 remains very harsh and that the prices of raw materials and semi-products persist at very high levels in 2011, the Management Board and Supervisory Board propose that dividend not be paid in 2011.

Furthermore, the Supervisory Board proposes to the Shareholders Assembly to grant discharge to the Management Board and Supervisory Board for their work in 2010.

Velenje, June 3rd 2011

President and CEO:
Franc Bobinac

Supervisory Board Chairman:
Uroš Slavinec

The Management Board and the Supervisory Board of Gorenje, d.d.,

hereby propose to the Shareholders Assembly for discussion and adoption the following

Resolution Proposal to Item 4 of the agenda:

The Articles of Association shall be amended to include a new article, i.e. Article 9, with the following wording:

"The Management Board shall have the authority and power, subject to approval by the Supervisory Board, to increase at own discretion within five years after the amendments to the Articles of Association as adopted at the 16th Shareholders' Assembly are duly entered into the court register the company's share capital by a maximum of fifty percent of the registered share capital as at the date of the resolution, or by a maximum of EUR 33,189,108.66 (authorized capital), by issuing up to 7,953,438 ordinary transferable registered shares with no par value, for cash contributions.

Based on the decision of the Management Board, subject to consent by the Supervisory Board, the new shares may be placed in the capital market, or a stock exchange, in the Republic of Slovenia or any other country.

The Management Board may, subject to consent by the Supervisory Board, fully or partly omit the pre-emptive right for subscription of the newly issued shares.

Entitlements arising from shares and terms and conditions in relation to the issue of shares shall be determined by the company's Management Board. Approval by the Supervisory Board shall be required.

The Supervisory Board shall have the authority to amend the company's Articles of Association to ensure that the provisions in the Articles match the new facts as a result of an increase in share capital and issue of shares on account of the authorized capital."

Explanation of the resolution and Management Board Report on justified grounds for full or partial omission of the pre-emptive right (pursuant to Article 345, Paragraph 2, in relation to Article 337, Paragraph 4 of the Companies Act ZGD-1)

In the agenda for the 16th Shareholders Assembly of the company Gorenje, d.d., to be held on July 5st 2011, the Management Board and Supervisory Board propose to the Shareholders Assembly to vote on the increase of the company's share capital based on authorized capital, with, subject to the Supervisory Board's approval, partial or full omission of the pre-emptive right of the existing shareholders to subscribe and purchase the newly issued shares. Pursuant to Paragraph 2, Article 354, and Paragraph 4, Article 337 of the Companies Act (ZGD-1), the Management Board hereby submits a written report on the reasons for omission of the pre-emptive right which is a constituent part of the material for the Shareholders Assembly. Since the day of the announcement of the convocation, the report shall be available at the company headquarters, and published in the Ljubljana Stock Exchange electronic information system SEOnet and company website at www.gorenje.com; upon request, any shareholder shall be submitted a copy of the report.

1. **Reasons for proposal on increase of share capital**

The Management Board and Supervisory Board propose to the Shareholders Assembly to adopt a resolution that will authorize the company Management Board to increase the share capital in five (5) years after the changes to the Articles of Association are duly entered into the relevant register, subject to consent by the Supervisory Board, by 50 (fifty) percent of the share capital entered in the court register as at the day of the adoption of this resolution, or by a maximum of EUR 33,189,108.66 (authorized capital), by issuing up to 7,953,438 new ordinary freely transferable registered no par value shares for cash and in-kind contributions.

Current company Articles of Association effective as of July 5th 2010 does not include an authorization to the Management Board to increase the share capital by a seasoned equity offering (issue of new shares) based on authorized capital. Issue of new shares based on authorized capital would allow the company to increase the share capital by new cash or in-kind contributions in a simpler manner than in the case of regular seasoned equity offering as such capital increase could take place gradually, consistently with the planned further development of the company.

In the stringent conditions that dominate the current business and economic landscape, every increase in share capital with new cash contributions is of critical importance to the company and the shareholders. Issue of new shares and the resulting supply of fresh cash would allow the company to increase the share capital by issuing and offering shares in foreign stock exchanges as well, thus improving the liquidity of the share and making a long-term contribution to the increase of price per share which would benefit the shareholders. The company could use the new capital to carry on the investments into new products and services, and further takeovers, restructuring, and investment into home products and in the field of ecology where there is still ample headroom for further growth. On the other hand, capital increase would allow the company to improve some of its performance indicators related to equity and to improve its position in negotiations on loan agreements with banks which monitor such indicators carefully. The company is also preparing a revised Strategic Plan for the period until 2015, which will include all relevant events of 2010 and 2011 that were not accounted for in the previous strategic plan. On the one hand, capital increase would allow meeting the goals already mentioned; on the other hand, it would allow more efficient pursuit of the Strategic Plan even in case of a change in any of the assumptions upon which the Plan was compiled, and over which the Management Board has no influence (e.g. considerable growth of prices of raw materials, semi-products etc.).

3. **Omission of pre-emptive right**

The company management proposes that the resolution on authorized capital also include an authorization to – subject to existence of justifiable formal and material assumptions in this regard – omit the pre-emptive right in the issue of new shares, if circumstances are present at the time of the issue that would justify such omission.

Cases when the pre-emptive right of the existing shareholders to subscribe and purchase new shares may be omitted particularly in the following cases:

a) **when the shares are issued to be traded in one of the foreign stock exchanges and are offered to new investors:**

Since Gorenje Group operations span virtually the entire world, the company management is seriously considering the possibility to list a part of its stock on one of the foreign stock exchanges in order to improve the operations and company recognition. Another push factor in this decision is the poor liquidity of the company stock at the Ljubljana Stock Exchange.

In order to enter a foreign organized market (exchange), the company would have to issue a major amount of shares. Therefore, the Management Board will propose that pre-emptive right of the existing shareholders be fully omitted in case the new shares are issued for the purpose of entering one of the foreign stock exchanges and in case if the new shares are offered to new investors that are prepared to invest money into Gorenje shares. Company's entry of a foreign organized market (stock exchange) is a materially justifiable cause for omission of the pre-emptive right since such measure will increase the liquidity of all company shares, including those issued previously and held by the existing shareholders; this, in turn, will result in higher market price per company share. Slovenian legal theory, too, supports the position that in comparative business practice, material justification for omission of pre-emptive right is also given in the case of listing the shares at either a domestic of foreign stock exchange.

b) when shares are issued to company employees:

The goals laid down in the strategic plan are ambitious and they will remain such after the update to the strategic plan. Company Management Board is convinced that the goals will be more easily attained if all employees at the Gorenje Group are appropriately motivated. Therefore, the Management Board sees the possibility of offering the shares to the employees of Gorenje, d.d., and associated companies, as one of the reasons for omission of the pre-emptive right. Employee participation in the company ownership is indeed one of the internationally prevalent forms of employee motivation, and also one that is recognized by the business theory.

c) in case of residual shares in a process of seasoned equity offering – partial omission of pre-emptive right

In practice, a situation may occur when in the process of a share capital increase, the amount of the increase in share capital does not match perfectly the multiple of a certain nominal amount of shares, which results in the so-called partial shares. Partial shares are not recognized as ordinary shares; they are merely an independent entitlement, a right that can be freely and independently transferred and inherited; however, it does not bear the entitlement to vote nor any property entitlements. All rights based on a partial share can only be asserted f the partial shares/rights are combined to form a full right; several holders of partial rights may combine their entitlements into a full share. Due to highly dispersed shareholder composition and small number of partial rights, it is hardly likely for the shareholders to strike major deals and legal transactions or combine into legal communities that would require a common representative in order to assert the rights based on the shareholding (Article 241 of the Companies Act ZGD-1). Therefore, the company Management Board and Supervisory Board believe that omission of pre-emptive right of the existing shareholders in such minimal extent is actually or materially justified and that it is not disproportional relative to the shareholders.

4. Management Board report on the exercise of authorized capital discretion

The Management Board will report to the Shareholders Assembly on any exercise of the discretion to issue new shares based on authorized capital.

Velenje, June 3rd 2011

President and CEO:	Supervisory Board Chairman:
Franc Bobinac	Uroš Slavinec

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Gorenje, d.d.

The Supervisory Board of Gorenje, d.d.,

hereby proposes to the Shareholders Assembly for discussion and adoption the following

Resolution Proposal to Item 5 of the agenda:

The company KPMG Slovenija, podjetje za revidiranje, d.o.o., Ljubljana, Železna cesta 8a, shall be appointed as the company auditor for the 2011 fiscal year.

E x p l a n a t i o n :

KPMG is a renowned international auditing company of which KPMG Slovenija, podjetje za revidiranje, d.o.o., headquartered in Ljubljana, is an integral part.

The proposal is based on the proposal by the Supervisory Board Audit Committee dated May 27th 2011, submitted to the Supervisory Board which is, pursuant to Article 280 of the Companies Act ZGD-1, the proposing party for the appointment of a candidate for the auditor of the company Annual Report.

Velenje, June 3rd 2011

Supervisory Board Chairman:
Uroš Slavinec

The Management Board and the Supervisory Board of Gorenje, d.d.,

hereby propose to the Shareholders Assembly for discussion and adoption the following

Resolution Proposal to Item 6 of the agenda:

6.1 Supervisory Board members and members of the Gorenje, d.d., Supervisory Board committees, shall receive attendance fee for taking part in the sessions and preparing for them, as well as the following gross payments:

– attendance fee for each Supervisory Board session:

for the Supervisory Board chairperson:	EUR 300
Supervisory Board member:	EUR 240

– attendance fee for each Supervisory Board correspondence session:

for the Supervisory Board chairperson:	EUR 240
Supervisory Board member:	EUR 192

– attendance fee for each Supervisory Board committee session:

for the committee chairperson:	EUR 240
for each committee member:	EUR 192

Attendance fee shall not be paid to the Supervisory Board and/or committee members if they have already received a total amount of attendance fees equivalent to 50% of the payment for their tenure/function.

- annual compensation for performing the tasks of a Supervisory Board member and additional tasks within the Board

for the Supervisory Board chairperson:	EUR 12,000
for the Supervisory Board deputy chairperson:	EUR 10,800
for the committee chairperson:	EUR 10,200
for the Supervisory Board member:	EUR 9,600

Annual payments for performing the function of a Supervisory Board member and any additional tasks within the Supervisory Board and/or any committees, as specified above, shall not be added/cumulated.

Supervisory Board members are entitled to receive a monthly advance payment of compensation and reward for their work at the Board.

6.2 Supervisory Board members and members of the Supervisory Board committees shall be paid or reimbursed for all expenses necessary in carrying out their duties, in accordance with international standards and as allowed by Slovene law.

6.3 Supervisory Board members shall be approved an extra budget for performing their duties, in a total amount of EUR 50,000 per year for all Supervisory Board members combined.

6.4 This resolution shall be effective and valid as of the day it is adopted by the Shareholders Assembly. This resolution shall render void the resolution adopted by the Shareholders Assembly at their 13th session held on June 18th 2009.

E x p l a n a t i o n :

Considering the scope and the challenging nature of the work of Supervisory Board members, and responsibility involved therein, and pursuant to the policies specified in the Companies Act and recommendations adopted in this regard by the Capital Assets Management Agency of the Republic of Slovenia, the Management Board and Supervisory Board prepared a proposal on attendance fees, cost reimbursements, and compensation paid to the Supervisory Board members and members of Supervisory Board Committees. Recommendations pursuant to the Corporate Governance Code, other principles of corporate governance, and the best practice in the field include education and induction of the Supervisory Board members and other special matters; therefore, the Management Board and Supervisory Board hereby propose to the Shareholders Assembly to approve an extra budget for such purposes.

Velenje, June 3rd 2011

President and CEO:
Franc Bobinac

Supervisory Board Chairman:
Uroš Slavinec