



**Material for the 17th General Meeting of Shareholders
of the ISTRABENZ Holding company**

July 2010

INFORMATION FOR THE SHAREHOLDERS

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

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

2. Information on additional items of the agenda;

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

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

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

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

3. Information on shareholders resolution proposals;

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

Shareholders may send their resolution proposals and electoral proposal also by e-mail to the following address: info@istrabenz.si. Resolution proposals or electoral proposals to be submitted by e-

mal shall be sent in a scanned form, as attachment, and must contain a personal signature of a natural person or, in the case of a legal entity, a personal signature of a representative and a stamp/seal, if used by such legal entity. The Company is entitled to verify the identity of the shareholder or a person who submits a request or proposal by e-mail, as well as the authenticity of their signatures.

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

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

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

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

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

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

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

- if reasonable business judgement suggests that the provision of information could cause damage to the Company or an affiliated Company;
- on the method of compiling the balance sheet and on making estimates, if stating these methods in a supplement is sufficient for an assessment of the property and the financial and profit position of the Company which conforms with the actual circumstances; or

- if disclosure of the information would constitute a criminal offence or an economic infringement or would be in breach of good business practices;
- if the information is published in form of questions and answers on the Company's web page at least seven days prior to the session of the General Meeting of Shareholders.

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

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

The Management Board shall, upon such request of the shareholder, deliver to the shareholder free of charge and not later than one business day after receiving such request, the copy of the extraordinary auditor report/special auditor reports.

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

Only those shareholders who have registered for the General Meeting of Shareholders and whose application has been received by the Management Board at least by the end of the fourth day prior to the meeting, i.e. by 20th August, 2010 inclusive, and who are entered as holders of the shares in the Central Book-Entry Securities Register as of the end of the fourth day prior to the meeting, namely on 20th August, 2010, shall be entitled to participate and exercise their voting rights at the General Meeting of Shareholders. The application, i.e. "Registration of participation" form, shall be sent by post to the following address: Istrabenz, d.d., Secretariat of the Management Board, Cesta Zore Perello-Godina 2, Koper. Applications cannot be sent through electronic media. The Company will consider valid only the registration forms undersigned with original signatures of the shareholders or their proxies. The registration forms are available on the Company's website and shareholders can obtain them free of charge from the Secretariat of the Management Board of the Company in Koper, Cesta Zore Perello Godina 2, every working day from 9 a.m. to 2 p.m., from the day the notice of convening the General Meeting of Shareholders is published up until and including the day it is held.

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

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

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



To the General Meeting of Shareholders of
ISTRABENZ Holding Company

**ITEM 1 OF THE AGENDA
FOR THE 17th REGULAR GENERAL MEETING OF
SHAREHOLDERS**

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

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

The following are elected:

- Chairman of the General Meeting of Shareholders: Uroš Ilić, MSc., lawyer,
- the Credentials Committee, composed of:
 - Chairman: Robert Ernestl,
 - Vote Counters: Klavdija Ule, Mira Pinter.

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

Arguments for the proposal:

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

Tomaž Berložnik, MSc.
President of the Management Board
of ISTRABENZ d.d.



To the General Meeting of Shareholders of
ISTRABENZ Holding Company

ITEM 2 OF THE AGENDA
FOR THE 17th REGULAR GENERAL METING OF
SHAREHOLDERS

**APPROVAL OF THE EXECUTED "SALE AND TRANSFER DEED DROGA KOLINSKA D.D." AS OF
30th JUNE, 2010**

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

The General Meeting of Shareholders hereby approves the "Sale and Transfer Deed Droga Kolinska d.d." executed on 30 June 2010 by and between the company Istrabenz, holdinška družba, d.d. in its capacity as Seller, the company Atlantic Naložbe d.o.o., in its capacity as Buyer, and the company Atlantic Grupa d.d., in its capacity as Guarantor.

Arguments for the proposal

In line with paragraph 1, Article 330 of the Companies Act - officially consolidated text (in Slovene: ZGD-1-UPB3), the execution of an agreement by means of which the joint stock company undertakes to transfer at least 25% of the company's assets, provided that no other provision of this act concerning status changes apply, requires a resolution of the General Meeting of Shareholders.

With the Sale and Transfer Deed Droga Kolinska d.d. dated 30th June, 2010, which was executed by and between the company Istrabenz, holdinška družba, d.d. in its capacity as Seller, the company Atlantic Naložbe d.o.o., in its capacity as Buyer, and the company Atlantic Grupa d.d., as Guarantor (in the following text "Sale Agreement"), Istrabenz, d.d. sold its capital stake in the company Droga Kolinska, Živilska industrija, d.d., Kolinska ulica 1, Ljubljana.

However, when executing the Sale Agreement, Istrabenz undertook to sell all issued ordinary registered shares of Droga Kolinska, d.d., namely 14,708,939 shares with stock symbol DRKR. For this purpose and according to the Sale Agreement, Istrabenz will directly and prior to the disposal of its

own 88.95% capital stake in Droga Kolinska d.d., obtain from the other three holders of shares of Droga Kolinska d.d. the remaining 11.05% of shares.

Namely, the company Istrabenz holds 13,083,492 ordinary registered shares with stock symbol DRKR, corresponding to 88.95% of all Droga Kolinska shares. On the basis of two Future contracts for the purchase of shares of the company Droga Kolinska, executed by and between Istrabenz and the banks Factor Banka d.d. and Probanka d.d., before effecting the sale of its shares to the company Atlantic Naložbe, d.o.o., Istrabenz d.d. will first re-purchase 6.05% of shares of Droga Kolinska d.d., namely 890.000 ordinary registered shares with stock symbol DRKR, which as long as the two future contracts are in force, are shown in the account books of Istrabenz as an investment (due to withheld right to dispose with the shares), and at the same time, as a liability owed to the two above-mentioned banks. In addition to this, the company Istrabenz d.d. will purchase also 5% of the shares, i.e. 735,447 ordinary registered shares with stock symbol DRKR, from the company NCA Investment Group d.o.o.

According to the position as of 31st December, 2009, the book value of the capital stake (i.e. 95% of issued DRKR shares) held by Istrabenz, d.d. in the company Droga Kolinska d.d. amounted to 218,765,953 euros. By considering the last audited consolidated balance sheet of the Istrabenz Holding Company as of 31st December, 2009 that was published in the Annual Report of the Istrabenz Group and the company Istrabenz, d.d. for 2009, the book value of all assets of the company Istrabenz equals 535,363,342 euros. Since the capital stake held by Istrabenz, d.d. in Droga Kolinska d.d. represents more than 25% of the assets of the company Istrabenz d.d., the Sale Agreement requires the approval of the General Meeting of Shareholders.

The sale of the capital stake in Droga Kolinska d.d. has been anticipated and represents a required step in the financial restructuring process of the company Istrabenz, d.d. On the basis of the Resolution confirming the compulsory settlement, as passed on by the District Court in Koper under Ref. No. St 514/2009 on 12th February, 2010, Istrabenz is obliged to pay 18.6% of creditors' claims that were accumulated till 8th July, 2009, until 31st December 2010, increased by 3% interest rate on annual basis, calculated in the period from 1st January to 31st December, 2010. According to the compulsory settlement resolution, the expected payment which is to mature on 31st December, 2010 will equal 85m€, and together with accrued interest will total somehow less than approximately 100m€. In order to secure the debt repayment, the disposal of assets of the company Istrabenz, d.d. is urgent and it has been also anticipated in the compulsory settlement plan submitted by Istrabenz d.d. during the compulsory settlement procedure. On the basis of the executed Sale Agreement, on the date of execution, namely on 30th June, 2010, Istrabenz d.d. would gain, in exchange of all the shares of Droga Kolinska, a purchase price in the approximate amount of 235m€, meaning a positive effect for the Istrabenz's assets of 6.5m€. However, the final value of the purchase price will be known not earlier than upon completion of the Sale Agreement and it will depend on the eventual change in the net financial debt of the Group (Droga Kolinska) on reference date (as defined within the Sale Agreement) and the difference in net working capital of the Group (Droga Kolinska) on reference date (as defined with the Sale Agreement). By means of the obtained purchase price, Istrabenz d.d. will secure the assets that are required to settle the creditors' claims resulting from the compulsory settlement. Recently (since 12th February, 2010, when the resolution on compulsory settlement became final), the disposal of the capital stake held in Droga Kolinska d.d. proved to be the most feasible alternative for providing the assets required to fulfil the obligations arising from the compulsory settlement plan, also by taking into consideration the present position on the capital transaction market and the wider macro-economic environment.

According to usual practice applied in similar transactions, the Sale Agreement has foreseen an intermediate period between the Execution and Completion of the Sale Agreement that is required, among others, to obtain certain approvals to be granted by third parties, in particular by the competent competition authorities in the countries where the transaction needs to be filed to such authorities, and the approval by the General Meeting of Shareholders of Istrabenz d.d. Once that all conditions (defined in detail in the Sale Agreement) are met and all other actions (as set forth in the Sale Agreement) implemented, the Sale Agreement will be completed. In other words, the purchase price will be transferred from the Buyer to the Seller and the shares held by Istrabenz d.d. in Droga Kolinska d.d. will be transferred to the Buyer. According to expectations, this step is to take place approximately in October 2010. Pursuant to the Sale Agreement, Istrabenz d.d. granted to the Buyer the usual warranties and reassurances, especially in relation to the shares of Droga Kolinska d.d. and the financial and legal status of the said company. With this regard it is necessary to point out, that after the Completion Date (as defined in the Sale Agreement), the Buyer will not be entitled to make any claims with regard to the company Istrabenz d.d. due to violation of any of the Operational warranties (as defined in the Sale Agreement). Namely, after the Completion date, a part of responsibilities will be taken over by the insurance company. However, all further details of the transaction may be examined directly in the Sale Agreement that is attached thereto.

Until the transaction's Completion Date, the Management Board of Istrabenz expects additional positive effects to be exerted on the amount of the purchase price owing to the decrease in the net debt of the Droga Kolinska Group.

In addition, further positive effects for the company Istrabenz are expected to derive also from the disposal of the immovable property of the company Droga Kolinska in Ljubljana.

Tomaž Berločnik, MSc.
President of the Management Board
of ISTRABENZ d.d.

Janez Grošelj, MSc.
President of the Supervisory Board
of ISTRABENZ d.d.

Attachments to the item 2 of the agenda:

- Sale and Transfer Deed Droga Kolinska d.d. as of 30th June, 2010, with certified translation into Slovene language.