



On the basis of the articles 276. and 281. of the Company Law (Official Gazette of RS, no. 125/2004), article 64. of the Law on Securities and Other Financial Instruments Market (Official Gazette of RS, no. 47/2006), Articles 6, 7, and 8. of the Regulations on Content and Manner of Public Companies Informing and Reporting on Ownership of Voting Shares (Official Gazette RS, no. 100/2006, 116/2006 and 37/2009), Article 12. of Incorporation Act of the Company for exploration, production, processing, distribution and sale of crude oil and oil derivatives, and exploration and production of natural gas "Naftna Industrija Srbije" a.d. Novi Sad (hereinafter: Company or NIS a.d. Novi Sad) – revised text, no. 70/II-13a as of 21.06.2010. (hereinafter: "**Incorporation Act**") and Decision of the Board of Directors of NIS a.d. Novi Sad on convening III annual meeting of Shareholders Assembly of NIS a.d. Novi Sad, no 80/41-8 made on 13 May 2011, the following is announced

ANNOUNCEMENT – REPORT ON SIGNIFICANT EVENT convening of III Annual Shareholders Assembly of NIS a.d. Novi Sad

(hereinafter: "**Announcement**")

Dear Shareholders,

We hereby announce that III Annual Meeting of Shareholders Assembly of NIS a.d. Novi Sad shall be held on Tuesday 21 June 2011 in building of the Business Centre of NIS, Milentija Popovica street no.1, Belgrade, in hall 330 on 3rd floor, starting from 2 PM.

For III Annual Meeting of Shareholders Assembly of NIS a.d. Novi Sad, Board of Directors of NIS a.d. Novi Sad proposes the following

Agenda:

1. Election of Chairman of Shareholders Assembly of NIS a.d. Novi Sad.
2. Adoption of Agenda for III annual meeting of Shareholders Assembly of NIS a.d. Novi Sad.
3. Adoption of Minutes from II annual meeting of Shareholders Assembly of NIS a.d. Novi Sad as of 21 June 2010.

4. Adoption of
 - Financial statements of NIS a.d. Novi Sad for year that ended on 31 December 2010;
 - Consolidated financial statements of NIS a.d. Novi Sad for year that ended on 31 December 2010.
5. Adoption of independent auditor's Report
 - of undertaken review of the financial statements of NIS a.d. Novi Sad for year that ended on 31 December 2010;
 - of undertaken review of the consolidated financial statements of NIS a.d. Novi Sad for year that ended on 31 December 2010.
6. Adoption of Business Results Report of NIS a.d. Novi Sad for 2010.
7. Adoption of Work Report of Supervisory Board of NIS a.d. Novi Sad for 2010.
 - Work Report for 2010.
 - Report of undertaken cost estimation for 2010 and Proposal on Cost Estimation (Budget) by Supervisory Board of NIS a.d. Novi Sad for 2011 and 2012.
8. Adoption of Work Statement of Board of Directors and Board of Director's Committees of NIS a.d. Novi Sad for the period from Jun 2010 to April 2011.
9. Choice of auditor for financial statements and consolidated financial statements of NIS a.d. Novi Sad for 2011.
10. Acceptation of Information on approving legal acts involving conflict of interests.
11. Adoption of Report on the Company's organization and activities compliance with the Code of Corporate Governance of NIS a.d. Novi Sad for the period June 2010 – April 2011.
12. Dismissal and appointment of the members of Board of Directors of NIS a.d. Novi Sad.
13. Dismissal and appointment of Chairman and the members of Supervisory Board of NIS a.d. Novi Sad.

In accordance with article 6. item 6.2. and article 12. of the Rules of Procedure of Shareholders Assembly of NIS a.d. Novi Sad, each shareholder or proxy can have insight into the materials for annual meeting of Shareholders Assembly – Financial Statements, along with the Audit Report, Report of Supervisory Board, Business Results Report of NIS a.d. Novi Sad Board of Directors in Office for affairs with minority shareholders, ground floor, Business Centre NIS a.d. Novi Sad, Narodnog fronta no. 12, Novi Sad (entrance from Podgoricka street), each business day, from Monday until Friday, in period between 8 AM and 4 PM. Due to the volume of the materials for the annual Shareholders Assembly meeting, NIS a.d. Novi Sad shall provide the copies of materials for the annual Shareholders Assembly meeting to the shareholders and their legal representatives, provided that the costs of photocopying shall be borne by the shareholders themselves.

In accordance with article 12, item 12.6. of Incorporation Act of NIS a.d. Novi Sad, day of determination of the shareholders' list is the day when the Board of Directors issues decision on convening Shareholders Assembly meeting, i.e. 13 May 2011. Shareholders' list is available in Office for affairs with minority shareholders, ground floor, Business

Centre NIS a.d. Novi Sad, Narodnog fronta no. 12, Novi Sad (entrance from Podgoricka street), as of the day of publishing the announcement on holding of III annual Shareholders Assembly until the day when III annual meeting of Shareholders Assembly of NIS a.d. Novi Sad is held, each business day, from Monday until Friday, in period between 8 AM and 4 PM, in order to provide the possibility for exercising the right on insight and objecting irregularities on the list. Objection to irregularities on the list of shareholders that are invited to the III annual meeting of Shareholders Assembly can be made at latest 5 (five) days prior to date for which holding of annual meeting of Shareholders Assembly is set, i.e. at latest until 16 June 2011, in written, and must be submitted at the address of NIS a.d. Novi Sad, in Narodnog fronta street no. 12, Novi Sad (with mandatory remark: Office for affairs with minority shareholders).

Shareholders can exercise the right to participate in the work of Shareholders Assembly either personally or through the proxy.

In accordance with article 12.2 of the Incorporation Act and article 1.6 of the Rules of Procedure of Shareholders Assembly of NIS a.d. Novi Sad (1) the right to participate in the work of Shareholder Assembly of NIS a.d. Novi Sad, (2) voting right, (3) the right to submit proposals and to receive answers in relation to the issues from the agenda, as well as (4) the right to pose questions in relation to the agenda, has the shareholder who holds at least 1% of the total number of shares of NIS a.d. Novi Sad, i.e. proxy who represents the shareholders who hold at least 1% of the total number of shares of NIS a.d. Novi Sad.

Therefore, in accordance with the previous paragraph, the right to participate in the work of the Shareholders Assembly of NIS a.d. Novi Sad and to exercise other above mentioned rights has **the shareholder who holds at least 1.630.604 shares, i.e. proxy who represents the shareholders who hold at least 1.630.604 shares of NIS a.d. Novi Sad.**

Shareholders, who hold less than 1% of the total number of shares of NIS a.d. Novi Sad, i.e. less than 1.630.604 shares, can unite in order to exercise the respective rights by giving power of attorney to the same person.

General Manager, members of Board of Directors, members of Executive Board and controlling shareholders cannot be proxies for shareholders employed in NIS a.d. Novi Sad and affiliated persons within the meaning of the Company Law. Shareholders' proxy cannot be a person who is directly or indirectly engaged in other company of the competitive activity, i.e. person who performs competitive activity within the meaning of the Company Law.

Power of attorney for representation of the shareholder must be in written and must contain particularly:

1. Shareholders data (i.e. particularly the following data: name and surname, address, identification card number, i.e. business name, seat and corporate identification number);
2. Proxy data (i.e. particularly the following data: name and surname, address, identification card number, i.e. business name, seat and corporate identification number);

3. number, type and class of the owned shares that are covered by power of attorney as well as their ISIN number and CFI code; and
4. shareholder's signature, proxy's signature or legal representative's signature.

Shareholder's signature on the power of attorney must be notarized with the competent body.

When shareholder is a legal person, signature of legal representative must not be notarized, but the power of attorney must be given on letterhead, stamped with company's stamp and signed by legal representative.

If the power of attorney is notarized with the foreign competent body, the Company must be provided with the original power of attorney, as well as the original translation of power of attorney made by official court translator from the Republic of Serbia.

If the power of attorney is assigned to third person, it is necessary that the proxy who assigned the power of attorney notarizes his signature with the competent body i.e. person, as well as to submit appropriate original translation of the power of attorney made by official court translator from the Republic of Serbia, in case that the power of attorney is assigned by proxy by notarizing his signature with the foreign body i.e. person.

Power of attorney given to proxy by shareholder of NIS a.d. Novi Sad can be: (i) given for certain period, valid for participation and voting (in predictable scope) for all issues for specified period or until revocation; or (ii) given for particular meeting of the Shareholder Assembly, providing authority to participate and vote only on that meeting of the Shareholder Assembly.

Power of attorney can be given on Power of Attorney template that NIS a.d. Novi Sad publishes on its web page (<http://www.nis.rs>), as general power of attorney template.

Taking into account the above mentioned, and in accordance with the article 13. item 13.2. of the Incorporation Act, we urge shareholders to submit the written notice about their personal attendance, or in case the shareholder is represented by his proxy at NIS a.d. Novi Sad Shareholders Assembly meeting, to submit the original of the power of attorney that shall be kept by NIS a.d. Novi Sad. This notice, as well as the powers of attorney, should be submitted to the following address: NIS a.d. Novi Sad, Narodnog fronta no. 12, Novi Sad (with mandatory remark: Office for affairs with minority shareholders) at latest until 14 June 2011.

Representatives can have some other proof on powers for representation of the shareholders (e.g. up to date registry excerpt from registry of business entities held with Business Registers Agency). In such case, the proof must be submitted along with the notice in the above mentioned deadline.

If the shareholder that has the right to participate and vote, i.e. his authorized representative, is prevented from attending the III annual meeting of NIS a.d. Novi Sad Shareholders Assembly, he is entitled to vote on each issue that is put on the voting by sending the ballot to the address of NIS a.d. Novi Sad seat, NIS a.d. Novi Sad, Narodnog fronta no. 12, Novi Sad (with mandatory remark: Office for affairs with minority shareholders), that must be received by NIS a.d. Novi Sad at latest two working days before the date when annual meeting of Shareholders Assembly is to be held, i.e. by 17 June 2011. The possibility to vote by the ballot is also applicable in the case of

authorized representative of the shareholder, whereas in the case of the proxy it should be explicitly envisaged in the power of attorney. In both cases however, along with the ballot should be submitted the power of attorney, i.e. excerpt from the competent registry.

The ballot is submitted on template that NIS a.d. Novi Sad publishes on its web page (<http://www.nis.rs>).

Signature of the shareholder/proxy on the ballot for voting in written shall be certified by a competent authority or person.

In case shareholder is a legal entity, the signature of an authorized representative/proxy shall not be certified, though the form of ballot for voting in written shall be certified with a stamp of a legal person.

Each shareholder that has voted in written is taken into account when calculating the quorum for III annual meeting of Shareholders Assembly, and his vote is added to votes of other shareholders of NIS a.d. Novi Sad that are present in the meeting in person or through proxy. The said written vote of NIS a.d. Novi Sad shareholders shall not be calculated in quorum and majority necessary for adopting decisions in relation to those proposals of decisions that are contested during the meeting and to which there are proposals for amendments that significantly change the text of the decision and/or decisions that are rendered by Shareholder Assembly in secret voting procedure.

We urge the shareholders, i.e. their proxies to report personally on the day when annual meeting of Shareholders Assembly of NIS a.d. Novi Sad is held, due to attendance recording and other preparation activities, on the abovementioned place in which meeting will be held at latest until 1 PM. Also, for identification purposes, shareholders and proxies should bring valid identification cards or passports

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This announcement shall be deemed as Report of significant event - convening of Shareholders Assembly of NIS a.d. Novi Sad and has been prepared in accordance with Article 64. of the Law on Securities and Other Financial Instruments Market.

This Announcement is published in accordance with the Company Law, the Law on Securities and Other Financial Instruments Market, the Regulation on Content and Manner of Public Companies Informing and Reporting on Ownership of Voting Shares and Article 12. item 12.5 of the Incorporation Act of NIS a.d. Novi Sad, on 16 May 2011, in a daily newspaper „Vecernje Novosti“, as well as continuously on web page of NIS a.d. Novi Sad (<http://www.nis.rs>) starting from 16 May 2011 until closing of III annual meeting of Shareholders Assembly.

Sincerely,

BOARD OF DIRECTORS of NIS a.d. Novi Sad
Anatoly Cherner, Acting Chairman of Board of Directors Meeting, personally.

In Belgrade, on 13 May 2011