



Pursuant to the Article 335 and 373 of the Law on Commercial Entities (Official Gazette of the Republic of Serbia, No. 36/2011, No. 99/2011 and No. 83/2014 – other law), Article 65 of the Law on the Capital Market (Official Gazette of the Republic of Serbia, No. 31/2011), Article 8 of the Articles of Association of the Company for Exploration, Production, Refining, Distribution and Sale of Crude Oil and Petroleum Products and Exploration and Production of Natural gas “Naftna industrija Srbije” j.s.c. Novi Sad (hereinafter: the Company or NIS j.s.c. Novi Sad), No. 70/SA-od/VI-11a, dated 30.06.2014 (consolidated text) (hereinafter: Articles of Association) and the Decision No. 85/OD-od/XLVIII-3 dated of 30.12.2014 of NIS j.s.c. Novi Sad Board of Directors on convening the 42nd Extraordinary Meeting of the Shareholders’ Assembly of NIS j.s.c. Novi Sad, the following

**INVITATION
TO THE 42nd EXTRAORDINARY MEETING OF
SHAREHOLDERS’ ASSEMBLY OF NIS J.S.C. NOVI SAD**

(hereinafter: Invitation)

is hereby announced.

Dear Shareholders,

We hereby announce that the 42nd Extraordinary Meeting of Shareholders’ Assembly of NIS j.s.c. Novi Sad shall be held on Wednesday, 28.01.2015 at 12 p.m. at the NIS Business Centre, 1 Milentija Popovica St., Belgrade, in the conference room 332 on the 3rd floor.

- 1) With respect to the 42nd Extraordinary Meeting of Shareholders’ Assembly of NIS j.s.c. Novi Sad, the Board of Directors of NIS j.s.c. Novi Sad has established the following

Agenda:

1. Election of the Chairman at the 42nd Extraordinary Shareholders' Assembly Meeting of NIS j.s.c. Novi Sad.
 2. Adoption of the Minutes of the VI Ordinary Shareholders' Assembly Meeting of NIS j.s.c. Novi Sad, dated 30.06.2014.
 3. Acceptance of the Information on Approval of related party Transactions within the Period from April 2014 through October 2014.
 4. Adoption of the Decision on the repeated Election and Remuneration of the Auditor of the Financial Statements and the Consolidated Financial Statements of NIS j.s.c. Novi Sad for 2014.
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- 2) The Shareholders' Assembly adopts decisions on all items on the Agenda to be voted by the Company shareholders, holders of ordinary shares of NIS j.s.c. Novi Sad. The total number of shares held by shareholders with voting rights on decisions that are on the Agenda is 163,060,400.
 - 3) Pursuant to Article 358 of the Law on Commercial Entities, decisions of the Shareholders' Assembly are adopted by simple majority of votes of the Company's shareholders who are present at the meeting and who are entitled to vote on the respective issue.
 - 4) The Shareholders' Assembly may discuss and decide only on items that are on the Agenda.
 - 5) Pursuant to Article 335 of the Law on Commercial Entities, the materials for the Shareholders' Assembly are available for shareholders at the official website of NIS j.s.c. Novi Sad (www.nis.eu) from the date of publication of the Invitation until the date when the Shareholders' Assembly Meeting is held. In accordance with Article 5. item 5.1 of the Rules of Procedure of the Shareholders' Assembly of NIS j.s.c. Novi Sad, any shareholder or proxy may review the materials for an Extraordinary Shareholders' Assembly Meeting at the Office for Minority Shareholders' Affairs, Business Centre NIS j.s.c. Novi Sad, Narodnog fronta no.12, Novi Sad (Annex 1, office No.2), every business day between 8 a.m. and 4 p.m in the period from the date of announcement of the Invitation until the day of the meeting of the Shareholders' Assembly. Taking into account that the materials for the Extraordinary Shareholders' Assembly Meeting are available to shareholders at the official website of the Company and that all the materials can be downloaded in whole by shareholders, NIS j.s.c. Novi Sad shall provide the copies of materials for Extraordinary Shareholders' Assembly meeting to the shareholders and their proxies, provided that the costs of photocopying shall be covered by the shareholders themselves.
 - 6) Pursuant to Article 331 of the Law on Commercial Entities, the day of determination of the list of shareholders entitled to take part at the 42nd Extraordinary Shareholders' Assembly Meeting of NIS j.s.c. Novi Sad (the Shareholders' day) falls

on the 10th day before the day of the meeting of Shareholders' Assembly, i.e. 18.01.2015. The list of shareholders is available at the Office for Minority Shareholders' Affairs, Business Centre NIS j.s.c. Novi Sad, Narodnog fronta no. 12, Novi Sad (Annex 1, office No.2), as from the first business day following the Shareholders' day until the business day that immediately precedes the day of the 42nd Extraordinary Shareholders' Assembly Meeting, every business day between 8 a.m. and 4 p.m, for the purpose of exercising the shareholders' right to review the list. Only the shareholders determined to be NIS j.s.c. Novi Sad shareholders on the Shareholders' date shall be entitled to take part at the Shareholders' Assembly Meeting.

- 7) In accordance with Article 328 of the Law on Commercial Entities, the shareholders are entitled to take part in the activities of the Shareholders' Assembly meeting, which includes: (1) the right to vote (2) the right to take part in discussions regarding the issues on the agenda of a Shareholders' Assembly Meeting, including the right to put forward proposals, make inquiries related to the agenda of the relevant Shareholders' Assembly Meeting and to receive answers.
- 8) Shareholders can exercise the right to take part in the activities of the Shareholders' Assembly Meeting personally, through a proxy, by voting by the means of an absentee ballot and by voting by electronic means in accordance with the Law on Commercial Entities and the Rules of Procedure of the Shareholders' Assembly of NIS j.s.c. Novi Sad.

The shareholder holding at least 0.1% of the total number of Company shares i.e. 163,060 shares on the Shareholders' day, or a shareholder's proxy representing at least 163,060 shares of NIS j.s.c. Novi Sad shall be entitled to personally take part in the activities of the Shareholders' Assembly of NIS j.s.c. Novi Sad.

Shareholders individually holding less than 0.1% of the total number of NIS j.s.c. Novi Sad shares, i.e. less than 163,060 shares, are entitled to take part in the activities of the Shareholders' Assembly of NIS j.s.c. Novi Sad through a joint proxy, to vote by the means of an absentee ballot or to vote by electronic means in accordance with the Law on Commercial Entities and the Rules of Procedure of the Shareholders' Assembly of NIS j.s.c. Novi Sad.

- 9) A shareholder is entitled to authorize a specific person to take part in the activities of the Shareholders' Assembly on his/her/its behalf by issuing a proxy letter, which includes the right to vote on his/her/its behalf. The proxy has the same rights as the shareholder who has issued a proxy with regard to the participation in the Shareholders' Assembly Meeting.

Any person with full legal capacity may be a shareholder's proxy with exception of persons for whom it has been explicitly prescribed under Article 345 of the Law on Commercial Entities that they can not be shareholders' proxies.

A voting proxy is not transferable.

A proxy issued by a shareholder of NIS j.s.c. Novi Sad can be:

- (i) issued for a definite period of time, in which case it is valid until the expiry of the term for which it has been issued;
- (ii) issued for an indefinite period of time, either as a result of this being stated explicitly in the proxy letter, or if no term is stated therein, in which case it is valid until its revocation;
- (iii) issued for an individual meeting of the Shareholders' Assembly of NIS j.s.c. Novi Sad, in which case it is valid also in the event the meeting in question is potentially being repeated.

If a proxy is issued only for an individual meeting of the Shareholders' Assembly, it must be prepared on the proxy letter form that is prescribed by the Company and published at its Internet page (www.nis.eu).

A proxy letter shall be in writing and include in particular:

- Information regarding the Company's shareholders (i.e. the name and surname, personal identification number and domicile information of the Company's shareholder who is a domestic natural person, or the name and surname, passport number or other identification number and domicile information of the Company's shareholder who is a foreign natural person, or business name, company identification number and corporate seat of the Company's shareholder who is a domestic legal person, or business name, registration number and corporate seat of the Company's shareholder who is a foreign legal person);
- Proxy information (i.e. the name and surname, personal identification number and domicile information of the proxy who is a domestic natural person, or the name and surname, passport number or other identification number and domicile information of the proxy who is a foreign natural person, or business name, company identification number and corporate seat of the proxy who is a domestic legal person, or business name, registration number or another identification number, and corporate seat of the proxy who is a foreign legal person).
- number, type and class of the shares held, for which the proxy is issued including their ISIN number and CFI code; and
- the signature of Company's shareholder, his/her/its legal representative, or person authorized for representation.

The signature of the Company's shareholder on the proxy letter must be certified by a competent body or person. If the signature is certified abroad, in a country that is a signatory to the Hague Convention Abolishing the Requirement of Legalisation for Foreign Public Documents (Official Gazette of the FPRY, No. 10/62-Appendix "International Contracts and Other Agreements"), additional certification is made by the means of an Apostille, unless the country in which the signature is certified and the Republic of Serbia have entered into the respective bilateral agreement on mutual recognition of public documents. If the country in which the signature is certified is not a signatory to the Hague Convention Abolishing the Requirement of Legalisation for Foreign Public Documents and has not concluded a bilateral agreement on mutual recognition of public documents with the Republic of Serbia, it is necessary to undergo the relevant legalisation procedure. The valid list of the countries with which the Republic of Serbia has concluded the aforementioned bilateral agreements is available in the internet presentation of the Ministry of Justice of the Republic of Serbia on the internet site: www.mpravde.gov.rs. The Company is

not liable for the accuracy of information contained in the aforementioned site. The certification text written in a foreign language is to be translated into Serbian language by a certified interpreter and/or translator in the Republic of Serbia, and such translated document is also to be delivered to the Company.

A shareholder of the Company can also issue a proxy letter by electronic means in which case this proxy letter must be signed by qualified electronic signature in accordance with the law governing electronic signature.

Taking into account the above mentioned, and in accordance with the Article 9 item 9.5 of the Rules of Procedure of the Shareholders' Assembly of NIS j.s.c. Novi Sad, we kindly invite shareholders, in case that the shareholder is represented by proxy at the Meeting of the Shareholders' Assembly of NIS j.s.c. Novi Sad and that the proxy letter is issued in writing, to submit a copy of the respective proxy letter and accompanying documents to the following address: NIS j.s.c. Novi Sad, Narodnog fronta 12 St., Novi Sad (with mandatory remark: for Corporate Secretary Sector) not later than 3 (three) business days before the day of the Shareholders' Assembly meeting i.e. until 23.01.2015 at latest. The original or a certified copy of the proxy letter and the accompanying documents is to be delivered to the Company not later than prior to the commencement of the Shareholders' Assembly meeting.

In case of issuing the proxy letter by electronic means, shareholder or a proxy shall notify the Company of a given proxy and submit the proxy letter not later than 24 hours before the Shareholders' Assembly Meeting to the following email address: servis.akcionara@nis.eu.

A shareholder of the Company may change or revoke the proxy in writing at any time until the day of the 42nd Extraordinary Meeting of the Shareholders' Assembly of NIS j.s.c. Novi Sad, provided that he/she/it has sent the respective notice until the day of the meeting to the proxy and the Company. No changes to the proxy letter delivered on the day of the meeting of the Shareholders' Assembly shall be considered. The proxy is deemed to be tacitly revoked if the Company's shareholder submits his/her vote in writing or vote given by electronic means in accordance with Article 7 of the Rules of Procedure of the Shareholders Assembly of NIS j.s.c. Novi Sad and Item 10) of this Invitation, or in the case when the Company's shareholder holding at least 0.1% of the total number of Company's shares attends the Shareholders Assembly meeting in person. In the event of written revocation, the signature of the Company's shareholder must also be certified by the competent body or person in accordance with paragraph 7, item 9) of the Invitation.

A special rule for Banks Maintaining Omnibus or Custody Accounts – A bank maintaining omnibus or custody accounts, and which is registered at the unified register of shareholders as the shareholder on its own behalf and for the account of its clients, is deemed to be a proxy for voting with respect to its clients, provided that, when attending the Shareholders' Assembly, it presents proxy letter for voting or order for representation issued in writing by such clients. The bank concerned may vote separately on behalf of each of its clients. If no specific instructions for voting are issued by the shareholder of the Company, the proxy letter for voting or order for representation may entitle the bank to vote only:

- (i) in accordance with the proposal made to the Company's shareholder by the bank itself, regarding the voting; or
- (ii) in accordance with proposals by the Board of Directors.

The representatives may hold some other evidence on authorization of representation of the Company's shareholder (e.g. valid excerpt from the Registry of Business Entities with the Business Registers Agency of the Republic of Serbia). A photocopy and original of such evidence has to be submitted in the manner and within the deadline defined in paragraph 9, item 9) of the Invitation. In case the document has been prepared abroad, and/or in foreign language, it shall be subject to appropriate certification and translation into Serbian language, in which case the rules prescribed in paragraph 7, item 9) of the Invitation apply *mutatis mutandis*.

- 10) The shareholder entitled to take part in the activities of the 42nd Extraordinary Meeting of NIS j.s.c. Novi Sad Shareholders' Assembly is entitled to vote on each issue subject to voting on the 42nd Extraordinary Shareholders' Assembly Meeting, by filling out and delivering to the Company the ballot form, either in person, or by courier service, or by registered mail, or electronically, that in case of voting by absentee ballot has to be received by NIS j.s.c. Novi Sad at least 3 (three) business days prior to the date when the Shareholders Assembly Meeting is to be held, i.e. until 23.01.2015, and in case of voting by electronic means not later than 24 hours before the Shareholders' Assembly Meeting.

In case of voting by absentee ballot, the ballot form is to be submitted to the following address: NIS j.s.c. Novi Sad, Narodnog fronta 12 St., Novi Sad (with mandatory remark: for Corporate Secretary Sector), while in case of voting by electronic means it shall be submitted to the following email address: servis.akcionara@nis.eu.

In case a proxy or a representative of a shareholder of the Company votes on behalf of the shareholder of the Company, the ballot form shall be accompanied by the adequate proof for representation (e.g., excerpt from the competent registry).

The ballot form is published along with this Invitation and can be downloaded from the official website of the Company (www.nis.eu).

In case of voting by absentee ballot, the signature of the Company's shareholder, or any other person who signs the ballot form on behalf of a shareholder of the Company, must be certified by the competent body or person. The provisions of paragraph 7 and 9, item 9) of the Invitation apply *mutatis mutandis* to all types/methods of certification of signatures, as well as provision of translations of the same, submission of forms and all supporting documents to the Company.

In the case of voting by electronic means, the ballot form must be signed by qualified electronic signature in accordance with the law governing electronic signatures. Each shareholder who has voted by an absentee ballot or by electronic means as described above is regarded as present at the Shareholders' Assembly Meeting during the decision-making on items on the agenda on which he/she/it has voted. Accordingly, his/her/its votes are counted towards the quorum and the decision-making majority and are added to the votes of other shareholders of NIS j.s.c. Novi

Sad that have voted on the respective items on the Agenda of the Shareholders' Assembly Meeting. The mentioned voting of NIS j.s.c. Novi Sad shareholders by an absentee ballot or by electronic means shall not be taken into account for the purpose of the quorum and decision-making majority with respect to an issue on which such shareholder cannot vote in accordance with the Law on Commercial Entities (exclusion of the voting right).

- 11) One or several shareholders of the Company holding at least 5% of voting shares may submit to the Board of Directors of NIS j.s.c. Novi Sad a proposal containing additional items for the agenda of the Shareholders' Assembly Meeting which they propose to be discussed, as well as additional items for which they propose to the Shareholders' Assembly to decide upon, provided such proposals contain the underlying reasoning, while in the event of proposing additional items for decision-making the text of the proposed decision must be submitted.

Such a proposal is drafted in the Serbian language and submitted to the Company in writing, and indicating the data on the initiators of the proposal, 10 (ten) days before the scheduled date of the 42nd Extraordinary Shareholders' Assembly Meeting at the latest, i.e. until 18.01.2015.

The proposal must contain the name and surname, personal identification number and domicile information of the Company's shareholder who is a domestic natural person, or name and surname, passport number or other identification number and domicile information of the Company's shareholder who is a foreign natural person, or the business name, company identification number and corporate seat information for the Company's shareholder who is a domestic legal person, or the business name, company identification number and corporate seat information for the Company's shareholder who is a foreign legal person. The signature of the Company's shareholder or its/his/her authorised representative on the aforementioned proposal must be certified by a competent authority or person. The provisions of paragraph 7 and 9, item 9) of the Invitation apply *mutatis mutandis* to all types/methods of verification of the signatures, as well as the delivery of the proposals and all accompanying documents to the Company.

The proposal submitted in the above described manner shall be published by the Company on its official internet website (www.nis.eu) not later than on the business day that immediately follows the day on which it received the proposal. If Board of Directors of the Company accepts the proposal of the Company's shareholders for including additional items in the Agenda, the Company shall publish the new agenda for the relevant meeting of the Shareholders' Assembly without delay, applying the same procedure according to which the Invitation for the 42nd Extraordinary Shareholders' Assembly Meeting has been published.

If Board of Directors does not approve duly submitted proposal for including additional items in the Agenda within 3 (three) days from the day of receiving the motion, the initiator of the proposal is entitled to request the competent court to include the proposed items in the Agenda of the Shareholders' Assembly Meeting, in the out-of-court proceedings within 3 (three) days.

- 12) Each shareholder of the Company that is entitled to take part in the work of the Shareholders' Assembly may make inquiries to the Board of Directors of the Company related to the Agenda items, as well as other inquiries related to the Company only to the extent that the answers to such inquiries are necessary for the accurate assessment of the matters related to the items on the Agenda.

A member of the Board of Directors is obliged to provide to each shareholder an answer to the inquiries during the meeting. In following exceptional cases, there is no obligation to provide the answer:

- if the relevant answer is not necessary for the assessment of the issues related to the relevant item(s) on the agenda of the Shareholders' Assembly Meeting;
- if a conclusion could be reasonably drawn that answering might cause damage to the Company or to its affiliated person;
- if providing an answer would constitute a criminal offence;
- if the respective information is available on the internet site of the Company in the form of Questions & Answers not later than seven days prior to the scheduled date of the Shareholders' Assembly Meeting.

An inquiry is submitted in writing including obligatory identification data of the shareholder of the Company, at least 5 (five) business days prior to the date on which the 42nd Extraordinary Shareholders' Assembly Meeting is scheduled, i.e. no later than by 21.01.2015. The answer to the inquiry is given verbally at the meeting of the Shareholders' Assembly, except when answering the inquiry may result in disclosure of confidential information of the Company, in which case the answer may be provided also in writing. In each of the previously described cases, the answer is provided only if the Company's shareholder who has made the inquiry is present at the Shareholders' Assembly meeting either in person, or through a proxy.

In case that the Decision of the Shareholders' Assembly is adopted with regard to the item on the Agenda in relation to which the inquiry has been made but the answer has not been provided, the shareholder who has not been provided with the answer is entitled to request the competent court within 8 (eight) days from the day of the meeting, in the out-of-court proceedings to order the Company to deliver him/her/it the answer to the respective inquiry within 8 (eight) days. The above right is held by each shareholder who has stated that he/she/it holds that the answer has not been provided to him/her/it without reasonable grounds, which statement has been recorded in the Minutes of the Meeting. The court is obliged to render a decision based on such request within 8 (eight) days from the date of receiving the request.

- 13) We kindly ask the shareholders, i.e. their proxies to report personally to the abovementioned place at which the meeting will be held, on the scheduled date of the 42nd Extraordinary Meeting of Shareholders Assembly of NIS j.s.c. Novi Sad, by 11 a.m. at the latest due to attendance recording and other preparation activities. Also, for identification purposes, shareholders or their proxies should bring valid identity cards or passports.

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This Invitation shall be considered to be the Notification of convening the Shareholders' Assembly Meeting of NIS j.s.c. Novi Sad in terms of Article 65 of the Law on the Capital Market.

This Invitation shall be published in accordance with the Law on Commercial Entities and Law on the Capital Market continuously on the official website of NIS j.s.c. Novi Sad (www.nis.eu), as from the 31.12.2014 until the closing of 42nd Extraordinary Meeting of the Shareholders' Assembly of NIS j.s.c. Novi Sad, as well as on the official website of the Business Entities' Registry (www.apr.gov.rs) and on the official website of Belgrade Stock Exchange j.s.c. Belgrade (www.belex.rs).

Sincerely,



BOARD OF DIRECTORS of NIS j.s.c. Novi Sad
Vadim Yakovlev, Chairman of Board of Directors, personally.

In Belgrade, on 30.12.2014