

**National Coat of Arms
THE REPUBLIC OF CROATIA**

Class: 022-03/14-04/300
Reg. no.: 50301-05/18-14-6

Zagreb, 17th July, 2013

*KONČAR – ELECTRICAL INDUSTRY Inc.
Attn. President of the Managing Board*

Subject: Decision on Sales of Shares of the Trading Company KONČAR –
ELECTRICAL INDUSTRY Inc. Zagreb in the Regulated Capital
Market

We are delivering you the above stated Decision reached by the
Government of the Republic of Croatia at its session on 17th July, 2014.

Attachment: 1

To be delivered to together with the attachment:

- Ministry of the Economy
- Ministry of Finance
- State Office for Managing of the State Property; Attn. Head
- Centre for Restructuring and Sales; Attn. Acting Head
- Company KONČAR – ELECTRICAL INDUSTRY Inc.; Attn. President of
the Managing Board

Deputy of the General Secretary

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Andreja Gabrijel

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Government of the Republic of Croatia

National Coat of Arms
THE GOVERNMENT OF THE REPUBLIC OF CROATIA

Pursuant Article 8 and Article 31, Para 2, of the Law on the Government of the Republic of Croatia (Official Gazette «Narodne Novine» No. 150/2011) and bound to Article 40 of the Law on Managing and Disposal of the Property Owned by the Republic of Croatia (Official Gazette «Narodne Novine» No. 94/2013) and Article 44, Para 3 of the Regulation on the Manner of Sales of Stocks and Business Shares (Official Gazette «Narodne Novine» No. 129/2013 and 66/2014), on its Session held on 17th July, 2014, the Government of the Republic of Croatia passed the following

DECISION

**On Sales of Shares of Trading Company KONČAR – ELECTRICAL
INDUSTRY Inc. Zagreb in the Regulated Capital Market**

I

586,925 shares of the Trading Company KONČAR – ELECTRICAL INDUSTRY Inc. Zagreb, Fallerovo Šetalište Street No 22 (further on referred to as: “the Company”) making 22.82 % of the Company Share Capital is offered for sale in the regulated capital market.

Shares from Para 1 of this Item are placed in the shareholder portfolio as follows:

- The Republic of Croatia, 260,280 shares making 10.12 % of the Company Share Capital;
- The Croatian Pension Fund, 384,628 shares making 14.95 % of the Company Share Capital.

II

The Centre for Restructuring and Sales is charged to organise the sale of shares from Item I of this Decision.

Sales of Shares from Item I of this Decision will be performed selling shares outside the Order Book through a public auction / block transactions.

III

The initial price for the sale of Shares from Item 1 of this Decision will be the latest average daily price in the regulated capital market published at the web site of the Zagreb Stock Exchange prior to issuing of the Sale Order.

IV

The Centre for Restructuring and Sales is charged to enter into an agreement / contract with the Zagreb Stock Exchange for organisation of the public auction for the sales of Shares from Item I of this Decision, i.e. to give an order to an investment company authorised for sales of Shares from Item I of this Decision through one or more block transactions.

V

In case the sales of Shares from Item I of this Decision is not performed completely or partially under conditions from Items III and IV of this Decision, all the rest of unsold Shares shall be sold by the Centre for Restructuring and Sales within the Offer Book as a modality of regular sales offering the Shares in the agreement with the Authorised Investment Company in the system of regulated capital market.

In case from Para 1 of this Item, the initial price for the sales of Shares shall be the latest average price in the regulated capital market published at the web site of the Zagreb Stock Exchange prior to giving of an order for sales to the authorised investment company.

In case the sales of Shares is not performed within the Offer Book as a modality of regular sales as stated in Para 1 of this Item at the initial price stated in Para 2 of this Item, the initial price can be corrected to a lower value every 5 trading days in accordance with the offer and the demand in the market, but not by more than per 3 % by the final sales.

VI

The State Office for Managing of the State Property is in charge to implement this Decision and to perform the transfer of Shares from Item I of this Decision from the representative accounts kept by the depository of the Central Clearing Depository Company Inc., particularly from depository accounts no.:

- 2151737020 DUUDI (01) / THE REPUBLIC OF CROATIA (1/1)
 - 2151737020 DUUDI (01) / HZMO (1/1)
- To representative accounts no.:
- 9379460 CERP (0/1) / THE REPUBLIC OF CROATIA (1/1)
 - 9379460 CERP (0/1) / HZMO.

VII

This Decision comes into force on the date of its reaching.

Class: 022-03/14-04/300
Reg. No.: 50301-05/18-14-5

Zagreb, 17th July, 2014

PRESIDENT
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Zoran Milanović

Round stamp:
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The Government of the Republic of Croatia