



The Republic of Slovenia

€1,000,000,000

4.00 per cent. Notes due 2018

Issue Price: 98.981 per cent.

The €1,000,000,000 4.00 per cent. Notes due 2018 (the "Notes") of the Republic of Slovenia (the "Republic") will bear interest from, and including, 22 March 2007 at the rate of 4.00 per cent. per annum, payable in arrear on each Interest Payment Date (see "*Terms and Conditions of the Notes - Interest*"). Payments of interest in respect of the Notes will be made without deduction for or on account of Slovenian taxes, as described, and subject to the exceptions set out, under "*Terms and Conditions of the Notes - Taxation*".

The Notes will mature on the Interest Payment Date falling on 22 March 2018.

Application has been made to list the Notes on the regulated market of the Luxembourg Stock Exchange pursuant to the rules and regulations of the Luxembourg Stock Exchange.

The Notes will be represented initially by a temporary global note (the "Temporary Global Note"), without interest coupons or talons, which will be issued in new global note form as the Notes are intended to be eligible collateral for Eurosystem monetary policy. The Temporary Global Note is expected to be deposited with a common safekeeper (the "Common Safekeeper") for Euroclear Bank S.A./N.V. ("Euroclear") and Clearstream Banking, société anonyme ("Clearstream, Luxembourg") for credit on or about 22 March 2007 (the "Closing Date") to the accounts of such clearance systems. The Temporary Global Note will be exchangeable for interests recorded in the records of Euroclear and Clearstream, Luxembourg in a permanent global Note (the "Permanent Global Note"), without interest coupons or talons, to be held by the Common Safekeeper, not earlier than 1 May 2007 upon certification as to non-U.S. beneficial ownership.

Lead Managers

BANK AUSTRIA CREDITANSTALT LJUBLJANA
(A MEMBER OF UNICREDIT GROUP)

SOCIÉTÉ GÉNÉRALE
CORPORATE AND INVESTMENT BANKING

DRESDNER KLEINWORT

Co-Managers

ABANKA VIPA

ABN AMRO

BNP PARIBAS

DEUTSCHE BANK

JPMORGAN

NLB

The date of this Offering Circular is 20 March 2007

The Republic accepts responsibility for the information contained within this document. To the best of its knowledge and belief, the information contained within this Offering Circular is in accordance with the facts and does not omit anything likely to affect the import of such information. The Republic accepts responsibility accordingly.

Bank Austria Creditanstalt d.d., Ljubljana, Dresdner Bank Aktiengesellschaft and Société Générale (the "Lead Managers") have not separately verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Lead Managers as to the accuracy or completeness of the information contained in this Offering Circular or any other information provided by the Republic in connection with the Notes or their distribution.

No person is or has been authorised to give any information or to make any representation which is not contained in, or which is not consistent with, this Offering Circular or any other information supplied by or on behalf of the Republic in connection with the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Republic or the Lead Managers.

Neither this Offering Circular nor any other information supplied in connection with the Notes (i) is intended to provide the basis of any credit or other evaluation or (ii) should be considered as a recommendation or constituting an invitation or offer by the Republic that any recipient of this Offering Circular should purchase any Notes. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness of the Republic.

Neither the delivery of this Offering Circular nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Republic since the date hereof or the date upon which this Offering Circular has been most recently amended or supplemented or that there has been no adverse change in the financial position of the Republic since the date hereof or the date upon which this Offering Circular has been most recently amended or supplemented or that any other information supplied in connection with the Notes is correct as of any subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

The distribution of this Offering Circular and the offer or sale of Notes may be restricted by law in certain jurisdictions. The Republic and the Lead Managers do not represent that this document may be lawfully distributed or that the Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Republic or the Lead Managers which would permit a public offering of the Notes or distribution of this document in any jurisdiction where action for that purpose is required. Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither this Offering Circular nor any advertisement or other offering material may be distributed or published, in any jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Offering Circular or any Notes come must inform themselves about, and observe any such restrictions. In particular there are restrictions on the distribution of this Offering Circular and the offer or sale of Notes in the United States and the United Kingdom. For

a description of further restrictions on offers and sales of Notes and distribution of this Offering Circular see "Subscription and Sale" below..

The Notes have not been and will not be registered under the U.S. Securities Act of 1933 (the "Securities Act") and are subject to U.S. tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to U.S. persons.

This Offering Circular neither constitutes a prospectus pursuant to Part II of the Luxembourg law on prospectuses for securities (loi relative aux prospectus pour valeurs mobilières) dated 10 July 2005 (the "Luxembourg Prospectus Law") which implements Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 (the "Prospectus Directive") nor a simplified prospectus pursuant to Chapter 2 of Part III of the Luxembourg Prospectus Law. Accordingly, this Offering Circular does not purport to meet the format and the disclosure requirements of the Prospectus Directive and Commission Regulation (EC) No 809/2004 implementing the Prospectus Directive, and it has not been, and will not be, submitted for approval to any competent authority within the meaning of the Prospectus Directive and in particular the Supervisory Commission of the Financial Sector (Commission de Surveillance du Secteur Financier), in its capacity as competent authority under the Luxembourg Prospectus Law. The Notes, issued pursuant to this Offering Circular, will therefore not qualify for the benefit of the single European passport pursuant to the Prospectus Directive.

In this Offering Circular, unless otherwise specified or the context otherwise requires, references to "€" or "euro" are to the currency introduced at the start of the third stage of European Economic and Monetary Union pursuant to the Treaty establishing the European Community (as amended from time to time).

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TERMS AND CONDITIONS OF THE NOTES

The following is the text of the Terms and Conditions of the Notes which (subject to completion and amendment) will be applicable to each Note:

The €1,000,000,000 4.00 per cent. Notes due 2018 (the "Notes", which expression includes any further notes issued pursuant to Condition 11 and forming a single series therewith) of the Republic of Slovenia (the "Republic") are issued pursuant to a fiscal agency agreement dated 22 March 2007 (as amended or supplemented from time to time, the "Fiscal Agency Agreement") between the Republic, Citibank, N.A. as fiscal agent (the "Fiscal Agent", which expression includes any successor fiscal agent appointed from time to time in connection with the Notes) and the paying agents named therein (together with the Fiscal Agent, the "Paying Agents", which expression includes any successor or additional paying agents appointed from time to time in connection with the Notes).

Certain provisions of these Conditions are summaries of the Fiscal Agency Agreement and subject to its detailed provisions. The holders of the Notes (the "Noteholders") are bound by, and are deemed to have notice of, all the provisions of the Fiscal Agency Agreement applicable to them. A copy of the Fiscal Agency Agreement is attached to these Conditions¹, and copies of the Fiscal Agency Agreement are available for inspection by Noteholders during normal business hours at the Specified Offices (as defined in the Fiscal Agency Agreement, the "Specified Offices") of each of the Paying Agents, the initial Specified Offices of which are set out below. Noteholders may also obtain a copy of the Fiscal Agency Agreement by mail from each of the Paying Agents free of charge.

1. Form, Denomination and Title; Currency of Payment

The Notes are in bearer form, in the denomination of €1,000 with no coupons attached at the time of issue. The Notes are freely transferable and title to the Notes will pass by delivery.

The Notes are represented by a global note (the "Global Note") which is deposited with a common safekeeper for Clearstream Banking, société anonyme, or Euroclear Bank S.A./N.V. (each a "Clearing System", and together the "Clearing Systems"). The Global Note will be held in custody by or on behalf of a Clearing System until all obligations of the Republic under the Notes have been satisfied. Definitive Notes and interest coupons will not be issued.

For as long as any of the Notes are represented by the Global Note, each person (other than the Clearing Systems) that is for the time being shown in the records of the relevant Clearing System as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by the relevant Clearing System as to the nominal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Republic and any Paying Agent as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal or interest on the Notes, for which purpose the bearer of the Global Note shall be treated by the Republic and any Paying Agent as the holder of such Notes in accordance with and subject to the terms of the Global Note (and the expressions "Noteholder" and "holder of Notes" and related expressions shall be construed accordingly). The holders of Notes are entitled to interests

¹ Omitted in the Offering Circular. A copy of the Fiscal Agency Agreement is annexed to the terms and conditions which are attached to the Global Notes.

in the Global Note which will be transferable in accordance with the rules and procedures for the time being of the Clearing Systems.

The lawful holder of any Note shall (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any other interest therein, any writing thereon or any notice of any previous loss or theft thereof) and no person shall be liable for so treating such holder.

"€" or "euro" means the single currency introduced at the start of the third stage of European Economic and Monetary Union, pursuant to the Treaty establishing the European Communities, as amended by the Treaty on European Union (the "Treaty").

No person other than the Republic and the respective Noteholder shall have any right to enforce any term or condition of any Note.

2. Status

The Notes constitute direct, unconditional, unsecured and unsubordinated obligations of the Republic and will at all times rank *pari passu* and without any preference among themselves. The full faith and credit of the Republic is pledged for the due and punctual payment of the principal of, and interest on, the Notes and the performance of the Republic's obligations under the Notes. The payment obligations of the Republic under the Notes will at all times rank at least equally with all the other present and future unsecured and unsubordinated indebtedness of the Republic.

3. Interest

The Notes bear interest from 22 March 2007 (the "Issue Date") at the rate of 4.00 per cent. per annum, payable in arrear on 22 March in each year commencing 22 March 2008 (each, an "Interest Payment Date"), subject as provided in Condition 5.

Each Note will cease to bear interest from the due date for final redemption unless payment of principal is improperly withheld or refused, in which case it will continue to bear interest at such rate (as well after as before judgment) until whichever is the earlier of (a) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (b) the day which is seven days after the Fiscal Agent has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).

The amount of interest due in respect of any Notes will be calculated by reference to the aggregate principal amount of Notes held by the relevant holder and the amount of such payment shall be rounded down to the nearest €0.01.

Where interest is to be calculated in respect of a period which is shorter than an Interest Period, it will be calculated on the basis of the number of days in the relevant period, from and including the first day of such period to but excluding the last day of such period, divided by the number of days in the Interest Period in which such period falls; provided, however, that if the Republic reasonably determines, with the agreement of the Fiscal Agent, that the market practice in respect of internationally offered euro-denominated securities is different from that specified above, the above shall be deemed to be amended so as to comply with such market practice and the Republic shall promptly notify the Noteholders and each stock exchange (if any) on which the Notes are then listed and the Fiscal Agent of such deemed amendment.

As used herein, "Interest Period" means the period from and including the Issue Date to but excluding the first Interest Payment Date and each period from and including an Interest Payment Date to but excluding the next Interest Payment Date.

4. *Redemption and Purchase*

(a) *Scheduled redemption*

Unless previously redeemed, or purchased and cancelled, the Notes will be redeemed at their principal amount on 22 March 2018, subject as provided in Condition 5.

(b) *Purchase and cancellation*

The Republic and its Agencies may at any time purchase Notes in the open market or otherwise and at any price. Any Notes so purchased may be cancelled or held and resold (provided that such resale is outside the United States, as defined in Regulation S under the United States Securities Act of 1933, as amended). Any Notes so purchased, while held by or on behalf of the Republic or any Agency, shall not entitle the holder to vote at any meeting of Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of Noteholders. Any Notes so cancelled will not be reissued.

In this Condition 4(b), "Agency" means any political sub-division, regional government, ministry, department, authority or statutory corporation of the Republic or the government thereof (whether or not such statutory corporation is autonomous) and "Agencies" shall be construed accordingly.

5. *Payments*

(a) *Principal and interest*

Payments of principal and interest will be made in euro by cheque drawn on, or by transfer to, a euro account to which euro may be credited or transferred specified by the payee. Each payment made shall be entered in the relevant proportions in the records of the relevant Clearing System and the nominal amount of the Notes recorded in the records of the Clearing Systems and represented by the Global Note will be reduced accordingly. Each payment so made will discharge the Republic's obligation in respect thereof. Any failure to make the entries in the records of the relevant clearing system shall not affect such discharge.

(b) *Payments subject to fiscal laws*

All payments in respect of the Notes are subject in all cases to any applicable fiscal or other laws and regulations, but without prejudice to the provisions of Condition 6. No commissions or expenses shall be charged to the Noteholders in respect of such payments.

(c) *Payments on business days*

If the due date for payment of any amount in respect of any Note is not a business day, the holder shall not be entitled to payment of the amount due until the next succeeding business day and shall not be entitled to any further interest or other payment in respect of any such delay.

In this Condition 5(c): "business day" means any day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) System is operating.

6. *Taxation*

All payments of principal and interest in respect of the Notes by the Republic shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the Republic or any political subdivision or any authority thereof or therein having power to tax (a "Tax"), unless such withholding or deduction is required by law. In that event, the Republic shall pay such additional amounts as will result in the receipt by the Noteholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable in respect of any Note:

- (i) by or on behalf of a holder who is subject to such Tax in respect of such Note by reason of his being connected with the Republic (or any political subdivision thereof) otherwise than merely by holding such Note or receiving principal or interest in respect thereof; or
- (ii) by or on behalf of a holder who would not be liable for or subject to such withholding or deduction (A) by making a declaration of non-residence or other similar claim for exemption to the relevant tax authority if, after having been requested to make such a declaration or claim, such holder fails to do so, or (B) by presenting the relevant Note to another Paying Agent in a Member State of the European Union; or
- (iii) more than 30 days after the Relevant Date except to the extent that the holder thereof would have been entitled to such additional payment on presenting the same for payment on the last day of such 30 day period; or
- (iv) where such withholding or deduction is imposed on a payment to or for an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any other European Union Directive implementing the conclusions of the ECOFIN Council meeting of 26 - 27 November 2000 on the taxation of savings income (the "Directive"), or any law implementing or complying with, or introduced in order to conform to, the Directive.

In these Conditions, "Relevant Date" means whichever is the later of (a) the date on which the payment in question first becomes due and (b) if the full amount payable has not been received by the Fiscal Agent on or prior to such due date, the date on which (the full amount having been so received) notice to that effect has been given to the Noteholders.

Any reference in these Conditions to principal or interest in respect of the Notes shall be deemed to include any additional amounts in respect of principal or interest (as the case may be) which may be payable under this Condition 6.

7. *Events of Default*

If any of the following events (each an "Event of Default") occurs and is continuing:

(a) Non-payment

The Republic fails to pay any amount of principal or interest in respect of the Notes within 30 days of the due date for payment thereof; or

(b) *Breach of other obligations*

The Republic does not perform or comply with any one or more of its other obligations under the Notes or under the Fiscal Agency Agreement, which default is incapable of remedy or, if capable of remedy, is not remedied within 45 days after notice of such default has been given to the Republic by the Fiscal Agent,

then the Fiscal Agent shall, upon receipt of written requests to the Republic at the Specified Office of the Fiscal Agent from Noteholders of not less than 25 per cent. in aggregate of the outstanding principal amount of the Notes, declare the Notes due and payable, in each case at their principal amount together with accrued interest, without further formality. Upon such declaration by the Fiscal Agent, the Fiscal Agent shall give notice thereof in the manner provided in the Fiscal Agency Agreement to the Republic and to the Noteholders in accordance with Condition 12.

If the Republic receives at the Specified Office of the Fiscal Agent notice in writing from holders of at least 50 per cent. in aggregate principal amount of the outstanding Notes to the effect that the Event of Default or Events of Default giving rise to any above mentioned declaration of acceleration is or are cured following any such declaration and that such holders wish the relevant declaration to be withdrawn, the Fiscal Agent shall give notice thereof to the Republic and to the Noteholders in accordance with Condition 12, whereupon the relevant declaration shall be withdrawn and shall have no further effect but without prejudice to any rights or obligations which may have arisen before such notice is given (whether pursuant to these Conditions or otherwise). No such withdrawal shall affect any other or any subsequent Event of Default or any right of any Noteholder in relation thereto.

8. *Prescription*

Claims for principal shall become void unless claimed for payment within five years of the appropriate Relevant Date (as defined in Condition 6). Claims for interest shall become void unless claimed for payment within three years of the appropriate Relevant Date.

9. *Paying Agents*

In acting under the Fiscal Agency Agreement and in connection with the Notes, the Paying Agents act solely as agents of the Republic and do not assume any obligations towards or relationship of agency or trust for or with any of the Noteholders.

The initial Paying Agents and their initial Specified Offices are listed below. The Republic reserves the right at any time to vary or terminate the appointment of any Paying Agent and to appoint a successor fiscal agent and additional or successor paying agents; provided, however, that the Republic shall at all times maintain a paying agent in Luxembourg and a fiscal agent. Notice of any change in any of the Paying Agents or in their Specified Offices shall promptly be given to the Noteholders in accordance with Condition 12 below.

Furthermore, the Republic undertakes that it shall maintain at least one Paying Agent having a specified office in a Member State of the European Union that is not obliged to withhold or deduct tax pursuant to the Directive (provided there is such a Member State).

10. Meetings of Noteholders; Modification and Waiver

(a) Meetings of Noteholders

The Fiscal Agency Agreement contains provisions for convening meetings of Noteholders to consider matters relating to the Notes, including the modification of any provision of these Conditions. Any such modification may be made if sanctioned by an Extraordinary Resolution. Such a meeting may be convened by the Republic and shall be convened by it upon the request in writing of Noteholders holding not less than one-tenth of the aggregate principal amount of the outstanding Notes. The quorum at any meeting convened to vote on an Extraordinary Resolution will be one or more persons present and holding or representing more than half of the aggregate principal amount of the outstanding Notes or, at any adjourned meeting due to a lack of quorum, one or more persons present and holding at least one quarter of the principal amount of the outstanding Notes; provided, however, that any proposals relating to a Reserved Matter may only be approved by an Extraordinary Resolution passed at a meeting of Noteholders at which one or more persons present and holding or representing not less than three-quarters of the aggregate principal amount of the outstanding Notes form a quorum.

(b) Reserved Matters

In these Conditions, "Reserved Matter" means, subject as provided in Condition 10(c), any proposal:

- (i) to change the date, or the method of determining the date, for payment of principal, interest or any other amount in respect of the Notes, to reduce or cancel the amount of principal, interest or any other amount payable on any date in respect of the Notes or to change the method of calculating the amount of principal, interest or any other amount payable in respect of the Notes on any date;
- (ii) to change the currency in which any amount due in respect of the Notes is payable or the place in which any payment is to be made;
- (iii) to change the quorum required at any meeting of Noteholders or the majority required to pass an Extraordinary Resolution, Written Resolution or any other resolution of Noteholders or the number or percentage of votes required to be cast, or the number or percentage of Notes required to be held, in connection with the taking of any decision or action by or on behalf of the Noteholders or any of them;
- (iv) to change this definition, the definition of "Extraordinary Resolution", the definition of "outstanding" or the definition of "Written Resolution";
- (v) to change or waive the provisions of the Notes set out in Condition 2; or
- (vi) to change any provision of the Notes describing circumstances in which Notes may be declared due and payable prior to their scheduled maturity date, set out in Condition 7.

(c) Matters requiring unanimity

Any proposal:

- (i) to change the law governing the Notes, the courts to the jurisdiction of which the Republic has submitted in the Notes or the Republic's waiver of immunity, in respect of actions or proceedings brought by any Noteholder, set out in Condition 13;
- (ii) to modify any provision of these Conditions in connection with any exchange or substitution of the Notes for, or the conversion of the Notes into, any other obligations or securities of the Republic or any other person, which would result in the Conditions as so modified being less favourable to the holders of Notes which are subject to the Conditions as so modified than:
 - (A) the provisions of the other obligations or securities of the Republic or any other person resulting from the relevant exchange or substitution or conversion; or
 - (B) if more than one series of other obligations or securities results from the relevant exchange or substitution or conversion, the provisions of the resulting series having the largest aggregate principal amount; or
- (iii) to modify the provisions of this Condition 10(c),

may only be given effect with the consent of the holders of all of the outstanding Notes.

(d) Modifications

Subject as provided in Condition 10(c), any modification of any provision of these Conditions may be made if approved by an Extraordinary Resolution or Written Resolution. In these Conditions, "Extraordinary Resolution" means a resolution passed at a meeting of Noteholder duly convened and held in accordance with the Fiscal Agency Agreement by a majority of at least:

- (i) in the case of a Reserved Matter, 75 per cent. of the aggregate principal amount of the outstanding Notes; or
- (ii) in the case of a matter other than a Reserved Matter, 66 2/3 per cent. of the aggregate principal amount of the outstanding Notes which are represented at that meeting.

Any Extraordinary Resolution duly passed at any such meeting shall be binding on all the Noteholders, whether present or not and whether they voted in favour or not.

(e) Written resolutions

In addition, the Fiscal Agency Agreement contains provisions relating to Written Resolutions. A "Written Resolution" is a resolution in writing signed by or on behalf of the holders of at least 75 per cent. of the aggregate principal amount of the outstanding Notes, in the case of a Reserved Matter, or 66 2/3 per cent. of the aggregate principal amount of the outstanding Notes, in the case of a matter other than a Reserved Matter. Any Written Resolution may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders. Any Written Resolutions shall be binding on all of the Noteholders, whether or not signed by them.

(f) Manifest error, etc

The Notes and these Conditions may be amended without the consent of the Noteholders to correct a manifest error. In addition, the parties to the Fiscal Agency Agreement may agree to modify any provision thereof, but the Republic shall not agree, without the consent of the Noteholders, to any such modification unless it is of a formal, minor or technical nature, it is made to correct a manifest error or it is, in the opinion of the Republic, not materially prejudicial to the interests of the Noteholders.

11. Further Issues

The Republic may from time to time, without the consent of the Noteholders, create and issue further notes having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest) so as to form a single series with the Notes.

12. Notices

Notices to the Noteholders shall be valid if published (i) in a widely circulated Luxembourg newspaper (which is expected to be the d'Wort or the Tageblatt) or, if such publication is not practicable, in a leading English language daily newspaper having general circulation in Europe, or (ii) to the extent and in the manner permitted by the rules and regulations of the Luxembourg Stock Exchange, by posting such notices on the official website of the Luxembourg Stock Exchange (www.bourse.lu). Any such notice given by publication shall be deemed to have been given on the date of publication or, if so published more than once on different dates, on the date of the first publication.

13. Governing Law and Jurisdiction

(a) Governing law

The Notes are governed by, and shall be construed in accordance with, Slovenian law.

(b) Jurisdiction

The Republic agrees for the benefit of the Noteholders that the courts of the Republic of Slovenia shall have jurisdiction to hear and determine any suit, action or proceedings, and to settle any disputes, which may arise out of or in connection with the Notes (respectively, "Proceedings") and, for such purposes, irrevocably submits to the jurisdiction of such courts.

(c) Non-exclusivity

The submission to the jurisdiction of the courts of the Republic of Slovenia shall not (and shall not be construed so as to) limit the right of any Noteholder to take Proceedings in any other court of competent jurisdiction, nor shall the taking of Proceedings in any one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not) if and to the extent permitted by law.

(d) Consent to enforcement, etc

The Republic consents generally in respect of any Proceedings to the giving of any relief or the issue of any process in connection with such Proceedings including (without limitation) the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) of any order or judgment which may be made or given in such Proceedings.

(e) *Waiver of immunity*

To the extent that the Republic may in any jurisdiction claim for itself or its assets or revenues immunity from suit, execution, attachment (whether in aid of execution, before judgment or otherwise and whether on the grounds of sovereignty or otherwise) or other legal process and to the extent that such immunity (whether or not claimed) may be attributed in any such jurisdiction to the Republic or its assets or revenues, the Republic agrees not to claim and irrevocably waives such immunity to the full extent permitted by the laws of such jurisdiction.

USE OF PROCEEDS

The net proceeds from the issue of Notes, which are expected to amount to approximately €988,310,000 (after deduction of applicable fees and commissions payable by the Republic) will be used by the Republic for its general funding purposes.

SLOVENIAN TAXATION

The following is a general description of certain Slovenian tax considerations relating to the Notes. It does not purport to be a complete analysis of all tax considerations relating to the Notes. Prospective purchasers of Notes should consult their tax advisers as to the consequences under the tax laws of the country of which they are resident for tax purposes and the tax laws of the Republic of Slovenia of acquiring, holding and disposing of Notes and receiving payments of interest, principal and/or other amounts under the Notes. This summary is based upon the law as in effect on the date of this Offering Circular and is subject to any change in law that may take effect after such date.

Corporate Investors

Interest on the Notes received and/or capital gains earned on the sale or disposition of the Notes, in each case by:

- (a) a legal person resident for taxation purposes in the Republic of Slovenia; or
- (b) a permanent establishment (*poslovna enota*) in the Republic Slovenia of a legal person not resident for taxation purposes in the Republic of Slovenia;

is subject to Slovenian Corporate Income Tax (*davek od dohodkov pravnih oseb*) as a part of the overall income of such resident or, as the case may be, a permanent establishment in the Republic of Slovenia of a resident for taxation purposes outside the Republic of Slovenia.

No withholding tax is levied on payments under the Notes to legal persons regardless of their residence for taxation purposes.

Individuals

The amounts of interest on the Notes received by an individual are generally subject to Slovenian Personal Income Tax (*dohodnina*) assessed on the income so derived at the rate of 15 per cent. in 2007 which will be increased to 20 per cent. from 1 January 2008 onwards. Such tax is the final tax imposed by Slovenia on interest on the Notes.

An individual who is resident for taxation purposes in an EU Member State (other than Slovenia) is fully exempt from this Slovenian tax provided that:

- (a) the individual in question is the beneficial owner of such interest; and
- (b) the person effecting the payment of interest on the Notes to such individual is required to report the payment to the tax authorities in accordance with the provisions implementing the European Council Directive 2003/48/EC of 3 June 2003 on taxation of savings income in the form of interest payments.

If the payment of interest to an individual who is liable for Slovenian tax on interest income is effected by a Slovenian resident or by a permanent establishment in the Republic of Slovenia of a non-Slovenian resident, the tax on interest income is levied by way of withholding tax. In all other cases, the recipient of interest who is liable to Slovenian tax on interest income must declare each amount of interest in a tax return filed by the 15th day of a calendar month for the period of the previous three calendar months and shall pay the amount of tax upon receiving a decision of the

tax authorities setting out the calculation of the amount of tax and directing the individual to pay the amount so calculated.

Individuals are not liable to Slovenian tax on capital gains resulting from disposals of the Notes.

Any Noteholders who are in doubt as to tax applicable to the Notes or any tax or stamp duty which may be applicable to the transfer or disposition of the Notes are advised to consult their professional advisers in connection therewith.

THE REPUBLIC OF SLOVENIA

Area and Population

Slovenia is a European country with a total land area of 20,256 square kilometres. It is bordered by Croatia to the south and southeast, Austria to the north, Italy to the west and Hungary to the northeast and has a coastline on the Adriatic Sea of 48 kilometres to the southwest.

Given its size, Slovenia has a varied topography. Approximately 90 per cent. of Slovenian land is over 300 meters above sea level. Forests cover approximately half of the total land area, with agricultural land occupying approximately 85 per cent. of the remainder.

Slovenia has a population of approximately two million people. Slovenia's population growth rate is relatively low, primarily due to a low birth rate and a low immigration rate coupled with a stable mortality rate. Nearly 50 per cent. of Slovenians live in urban areas.

History

Slovenia was part of the Habsburg Austro-Hungarian empire until the empire's fall in 1918. During that time, Slovenia maintained its own language and a distinct cultural heritage which it still maintains today. At the end of the First World War, Slovenia and other south-eastern regions of the Habsburg empire joined the Kingdoms of Serbia and Montenegro to form the Kingdom of Serbs, Croats and Slovenians.

During the Second World War, Slovenia was occupied by Germany, Italy and Hungary. At the end of the Second World War, the Communist Party came to power and the Federal People's Republic of Yugoslavia was established. This was later renamed Socialist Federal Republic of Yugoslavia (the "SFRY").

By the 1980s, Slovenia had established itself as the most economically advanced of the SFRY republics. However, a period of economic stagnation followed which prompted inter-ethnic conflicts, particularly between the Serbs and the Albanians in Kosovo. Serbia proposed to overturn the 1974 constitution in favour of greater economic and cultural uniformity. The people of Slovenia disagreed largely with the Serbian proposal, and in September 1989, the Slovenian Parliament voted to assume control of its own resources and command of its own defence forces, following which Serbia announced an economic boycott of Slovenia.

In April 1990, Slovenia became the first SFRY republic to hold free elections which resulted in the end of Communist rule in Slovenia and the formation of a centre right opposition coalition, which won a majority of seats in the Slovenian Parliament. On 23 December 1990, over 90 per cent. of the Slovenian population voted for independence and, on 25 June 1991, Slovenia formally declared its independence. As a result, the Serbian-dominated Yugoslav People's Army marched on Slovenia, but the conflict, which resulted in the loss of 66 lives, ended after 10 days. After a six month truce, the Yugoslav army gradually withdrew and international recognition of Slovenia followed shortly thereafter.

Political Structure and External Relations

On 23 December 1991, Slovenia adopted a constitution that established it as a democratic republic with a Parliament consisting of a National Assembly and a National Council, a President as head of State and an independent judicial system. A two-thirds vote of all Members of Parliament present and voting in the National Assembly is required to amend the constitution.

The National Assembly is the highest legislative authority in Slovenia. It consists of 90 Members of Parliament, each selected by general election for a four-year term of office. Eighty-eight members of Parliament are chosen through a combination of geographic constituencies and party lists, resulting in an approximation of proportional representation. Two of the seats in the National Assembly are reserved for representatives of the Italian and Hungarian minorities, respectively.

The Government of Slovenia comprises (i) a Prime Minister, who is nominated by the President of Slovenia and elected by the National Assembly, and (ii) Ministers who are appointed to, and dismissed from, office by the National Assembly upon the proposal of the Prime Minister. Ministers cannot be members of the National Assembly or the National Council.

As eight to ten political parties are normally voted into the parliament, all governments to date have taken the form of a coalition government. At present, there is a centre-right coalition government in place which is comprised of four parties that have entered into a coalition covenant.

The National Council may propose to the National Assembly the passing of laws; convey to the National Assembly its opinion on all matters within the competence of the National Assembly; require the National Assembly to decide again on a given law prior to its promulgation; require the calling of a referendum; and call for inquiries on matters of public importance.

The President of the Republic of Slovenia is commander-in-chief of its defence forces. The President is elected in general elections for a term of five years and may be elected for a maximum of two consecutive terms. The powers of the President include calling elections for the National Assembly, signing statutes into law, proposing a candidate to the National Assembly for the office of Prime Minister, nominating members for the Judicial Council and, in certain circumstances, dissolving the National Assembly. The President has no authority to veto legislation approved by the National Assembly.

Judicial authority is vested in the Supreme Court, district courts and county courts. A separate Constitutional Court has jurisdiction over all matters relating to the interpretation of the provisions of the Constitution. The judges of the Constitutional Court are appointed for a term of nine years and are not eligible for re-appointment.

International Relations

Slovenia gained its independence in 1991 and was recognised by the international community as an independent state in the first half of 1992. Slovenia has gradually attained membership of most major international organisations. In 1992, Slovenia became a member of the UN; in 1993, Slovenia became a member of the IMF, the IBRD and the Council of Europe. In 1994, Slovenia joined the GATT and, in January 1995, Slovenia was a founding member of the WTO. Slovenia entered the European Union ("EU") and NATO in 2004 and European Economic and Monetary

Union at the beginning of 2007, the first, and so far the only one, of the 2004 accession states to have done so.

Economy

Background

Prior to its independence in June 1991, Slovenia accounted for approximately 8 per cent. of the total SFRY population but generated approximately 17 per cent. of the gross domestic product of the SFRY and approximately 26 per cent. of the SFRY's exports. Slovenia benefited from the high tariffs of the SFRY and a protected internal market within the SFRY. However, the gradual stagnation of the SFRY economy during the 1980s and the subsequent break-up of the SFRY had a marked impact on Slovenian trade with the other republics of the SFRY.

Following independence, Slovenia began a transformation into a modern market economy. After the first two years of coping with a recession resulting from the problems of transition and establishing its own sovereignty, the economy has experienced positive growth.

Gross Domestic Product growth rates 2000 -2006

Year	real growth rate (%)
2000	4.1
2001	2.7
2002	3.5
2003	2.7
2004	4.4
2005	4.0
2006	5.2*

* Estimate

Source: Institute for Macroeconomic Analysis and Development, based on Statistical Office data

Slovenian real sector is well diversified, the main contributors to the value added being manufacturing (25.7 per cent.) with chemicals (13.3 per cent.), metal production (12.5 per cent.), machines (10.8 per cent.) and transport equipment (4.3 per cent.) with business services, trade and construction following. A national consensus in relation to wage negotiations has ensured that wage increases are maintained below the rate of growth in productivity.

To enhance the competitiveness of its economy, Slovenia is reforming its system of taxation. The tax on the payroll of companies is gradually being abolished. At the same time, company and personal income taxes have been simplified and the rates and brackets changed to help incentivise people to earn more. The effects of these changes are being felt gradually, but will be complete in 2009 with the total abolition of payroll tax.

In 2005 the government and the central bank brought into effect a joint program to prepare for the adoption of the euro. This, combined with previous efforts made in the run up to Slovenia joining the EU, has brought down CPI inflation from 8.4 per cent. in 2001 to 2.5 per cent. in 2005 and 2006.

Gross Domestic Product 2000 - 2005

in Slovenian Tolars (SIT) bn

	2000	2001	2002	2003	2004	2005
Output at basic prices	8,710,359	9,671,326	10,732,547	11,526,463	12,589,158	13,487,175
Intermediate consumption at purchasing prices	4,982,490	5,492,899	6,091,844	6,477,865	7,129,605	7,717,890
Total gross value added at basic prices	3,727,869	4,178,428	4,640,703	5,048,599	5,459,552	5,769,285
Net taxes on products	572,481	621,124	714,738	764,941	812,243	850,860
Gross domestic product	4,300,350	4,799,552	5,355,440	5,813,540	6,271,795	6,620,145
Of which: FISIM*	48,035	37,737	40,723	51,825	60,079	60,349
FISIM as % of GDP	1,1	0,8	0,8	0,9	1,0	0,9
Plus: primary income from the rest of the world	91,877	107,063	107,128	114,650	134,182	175,716
Less: primary income to the rest of the world	87,396	94,602	138,020	161,494	209,582	236,794
Gross national income	4,304,830	4,812,013	5,324,548	5,766,695	6,196,395	6,559,066
 Gross domestic product	 4,079,676	 4,414,601	 4,965,320	 5,497,364	 6,070,840	 6,524,427
 SIT/EUR	 205	 217	 226	 234	 239	 240

* FISIM: Financial intermediation services indirectly measured

Source: Statistical Office

Since the decision to apply for EU membership, the economic environment has been steadily deregulated. This has turned Slovenia into an open economy, with the volume of foreign trade consistently exceeding GDP.

Balance of payments 2000 - 2006

in Euro mn

	2000	2001	2002	2003	2004	2005	2006
Current Account ...	-583.00	38.00	247.20	-195.70	-719.70	-547.50	-772.80
Receipts	12,467.50	13,579.10	14,510.20	14,866.00	16,806.20	19,157.10	21,948.50
Expenditures	13,050.50	13,541.20	14,263.00	15,061.70	17,525.90	19,704.50	22,721.30
GDP (Euro)	19,901.00	20,344.00	21,970.44	23,493.01	25,401.01	27,185.11	28,494.44*
 Capital Account	 541.60	 -148.40	 3.10	 45.70	 697.60	 403.70	 955.50

* Estimate

Source: Bank of Slovenia, Financial data

Foreign trade is predominantly linked to the EU countries, followed by countries of ex-Yugoslavia.

Foreign trade by major destinations

		2000	2001	2002	2003	2004	2005
European Union	exports	6,757.78*	7,211.25	7,406.65	7,556.27	8,505.34	9,770.47
	imports	8,337.49*	8,638.07	8,837.69	9,256.08	11,646.51	12,788.71
Countries of ex-Yugoslavia	exports	1,485.96	1,749.88	1,951.84	1,966.77	2,251.17	2,476.01
	imports	648.18	603.52	574.85	613.14	814.04	1,033.92
Other Europe**	exports	143.50	245.02	339.56	331.79	375.20	469.78
	imports	232.18	322.69	337.22	329.95	363.34	392.50
Rest of the world	exports	1,022.61	1,140.63	1,263.96	1,430.13	1,651.37	1,680.79
	imports	1,657.73	1,780.19	1,824.31	2,039.75	1,319.14	1,589.65
Total exports		9,491.57	10,346.78	10,962.01	11,284.96	12,783.08	14,397.05
Total imports		10,984.18	11,344.47	11,574.07	12,238.92	14,143.03	15,804.78

* no data for Cyprus

** includes: Iceland, Liechtenstein, Norway, Switzerland, Albania, Bulgaria and Rumania.

Source: Bank of Slovenia Monthly Bulletin

Government Finances, Public and Foreign Debt

Slovenia has a relatively high level of social protection which is reflected in a relatively high share of government expenditure compared to GDP. In 2005, transfers to households, additional funding of pension funds and transfers to public service providers (e.g. schools and public agencies) accounted for approximately 58 per cent. of the SIT 1,630 bn of central budget expenditure. Efforts are being made to make the budget more flexible, in order to maintain the long term sustainability of public finance.

Gross Domestic Product

Period: 2000 - 2005

	SIT mn	growth
2005	6,620,145	4.0
2004	6,271,795	4.4
2003	5,813,540	2.7
2002	5,355,440	3.5
2001	4,799,552	2.7
2000	4,300,350	4.1

Source: Statistical Office of the Republic of Slovenia

General Government expenditure

Period: 2000 - 2005

	SIT mn	% of GDP
2005	2,941.8	44.4
2004	2,768.4	44.1
2003	2,555.9	44.0
2002	2,332.4	43.6
2001	2,111.4	44.0
2000	1,848.2	43.0

Source: Statistical Office of the Republic of Slovenia

In order to cope with the financial consequences of an ageing population, Slovenia in 1999 introduced a reform of the pay-as-you-go pension system, raising the pension age, stabilizing the wages-to-pension proportion at a lower level and providing for the introduction of both second and third pillar funded pension insurance schemes. The Republic of Slovenia is considering, within the scope of EU discussions on both public finance and the issues of ageing, further changes to its system of social protection in order to prevent unsustainable government deficit and an increased level of debt in future decades.

General Government Deficit and Debt

	Current deficit (SIT mn)	Current deficit (% GDP)	Debt (SIT mn)	Debt (% GDP)
2005	-92,780	-1.4	1,854,260	28.0
2004	-144,002	-2.3	1,802,683	28.7
2003	-161,074	-2.8	1,654,337	28.5
2002	-136,056	-2.5	1,556,350	29.1
2001	-204,236	-4.3	1,358,168	28.3
2000	-166,568	-3.9	1,185,482	27.6

Source: Ministry of Finance, EDP Report

In the period leading up to Slovenia's accession to the EU, the barriers that had previously deterred financing abroad were dismantled. This, combined with the need to finance relatively rapid growth, triggered enhanced borrowing abroad. Gross foreign debt at the end of 2005 was euro 19,614 mn, of which public and publicly guaranteed debt amounted to euro 3,822 mn. However, Slovenia's total forex reserve coverage is adequate at a ratio of reserves to the flow of obligations of 1.21:1 as of October 2006 (source: Bank of Slovenia, monthly bulletin).

At the end of 2006, the external debt of central government was USD 2,047 mn, which comprised 21.1 per cent. of Slovenia's total government debt (USD 9,681 mn). All other government borrowing (ie other than by central government) is domestic only.

The central government has issued guarantees, on a case-by-case basis, to certain entities, predominantly within the public sector (e.g. in relation to highway construction, railways etc.). These guarantees amount to euro 1,773.4 mn, or approximately 6.2 per cent. of GDP.

Since 1998, the Republic of Slovenia has been rated by all three major credit rating agencies. Current ratings are:

Credit ratings as of 26 February 2007

Agency	Long term domestic currency	Long term foreign currency	Country ceiling	Outlook
Standard and Poor's	AA	AA	-	Stable
Moody's	Aa2	Aa2	-	Positive
Fitch Ratings	AA	AA	AAA	Stable

Source: Agencies' websites

SUBSCRIPTION AND SALE

Bank Austria Creditanstalt d.d., Ljubljana, Dresdner Bank Aktiengesellschaft and Société Générale and other managers (together the "Managers") have, pursuant to a Subscription Agreement dated 20 March 2007 (the "Subscription Agreement"), jointly and severally agreed with the Republic to subscribe and pay for the Notes pursuant to the Subscription Agreement, all on the terms set forth therein.

The Lead Managers are entitled to terminate the Subscription Agreement in certain circumstances prior to payment to the Republic.

United States

The Notes have not been and will not be registered under the Securities Act, and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act ("Regulation S").

The Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and regulations thereunder.

Each Manager has agreed that, except as permitted by the Subscription Agreement, it will not offer, sell or deliver the Notes (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering and the Closing Date, within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each dealer to which it sells Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S.

In addition, until 40 days after the commencement of the offering of the Notes, an offer or sale of Notes within the United States by a dealer that is not participating in the offering may violate the registration requirements of the Securities Act.

United Kingdom

The Lead Managers have represented and agreed that they have only communicated or caused to be communicated, and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 ("FSMA")) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of FSMA does not apply to the Republic and that they complied and will comply with all applicable provisions of the FSMA with respect to anything done by them in relation to the Notes in, from or otherwise involving the United Kingdom.

Italy

Each of the Managers has represented and agreed that any offer, sale or delivery of the Notes or distribution of copies of the Offering Circular or any other document relating to the Notes in the Republic of Italy will be:

- (a) made by investment firms, banks or financial intermediaries permitted to conduct such activities in the Republic of Italy in accordance with Legislative Decree No. 385 of 1 September 1993 as amended, Decree No. 58, CONSOB Regulation No. 11522 and any other applicable laws and regulations; and
- (b) in compliance with any other applicable notification requirement or limitation which may be imposed by CONSOB or the Bank of Italy.

General

No action has been or will be taken in any jurisdiction that would permit a public offering of any of the Notes or, or possession or distribution of the Offering Circular (in preliminary or final form), or any other offering material relating to the Notes or any supplement, in any country or jurisdiction where action for that purpose is required. Further neither the Republic nor the Managers represent that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction or pursuant to any exemption available thereunder or assumes any responsibility for facilitating the same.

Each Manager has agreed that it will comply with all relevant laws, regulations and directives in each jurisdiction in which it purchases, offers, sells or delivers Notes or has in its possession or distributes any other offering material relating to the Notes or any supplement.

GENERAL INFORMATION

1. The issue of the Notes has been duly authorised pursuant to Article 84 of the Law on Public Finances (Official Gazette No 79/1999), Articles 32, paragraph 1 and 3 of the Law on Execution of Budget of the Republic of Slovenia for the Years 2007 and 2008 (Official Gazette No 126/2006) and Article 2.3.2, point 2 of the Financing Program for the State Budget of the Republic of Slovenia for the Year 2007 adopted by the Government on 18 January 2007.
2. Application has been made to list the Notes on the regulated market of the Luxembourg Stock Exchange pursuant to the rules and regulations of the Luxembourg Stock Exchange.
3. The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg (which are the entities in charge of keeping the records) with a Common Code of: 029265399. The ISIN code for the Notes is: XS0292653994.
4. Copies of the Fiscal Agency Agreement, incorporating the respective forms of the Global Notes, may be ordered by post or inspected on any business day (Saturdays and public holidays excepted) at the specified offices of the Paying Agents.
5. The Global Notes will contain the following legend "Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code".
6. The EU has adopted a Directive regarding the taxation of savings income. Such Directive requires Member States to provide to the tax authorities of other Member States details of payments of interest and other similar income paid by a person to an individual in another Member State, except that Austria, Belgium and Luxembourg will instead impose a withholding system for a transitional period unless the beneficiary of the interest payments elects for an exchange of information.

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