



Mercator

Pursuant to Articles 18 and 19 of the Articles of Association of the company POSLOVNI SISTEM MERCATOR, d.d., Article 195, Paragraph 2 of the Companies Act (ZGD-1), the Rules and Regulations of the Ljubljana Stock Exchange, d.d., and based on the resolution adopted by the Management Board on June 7th 2010, the Management Board hereby convenes

16th regular Shareholders Assembly, in Ljubljana, on July 13th 2010 at 1 PM at the company headquarters at Dunajska cesta 107

I. AGENDA AND PROPOSALS OF RESOLUTIONS

1. Opening of the Shareholders Assembly and election of the Assembly Chairperson

RESOLUTION PROPOSAL:

Mr. Uroš Ilić, attorney at law, from Ljubljana, is appointed as the Shareholders Assembly Chairman.

Summary of resolution explanation as presented in the Shareholders Assembly Documentation:

Pursuant to the company Articles of Association, the company Shareholders Assembly shall be presided over by a Chairperson appointed by the shareholders upon proposal by the party convening the Assembly.

2. Presentation of Annual Report and the Supervisory Board's Report on the results of Annual Report review and audit for the business year 2009; information on the compensation and rewards of the members of managerial and supervisory bodies; allocation of distributable profit, dividend payment; and granting discharge to the Management Board and the Supervisory Board

RESOLUTION PROPOSAL:

1. Distributable profit, amounting to EUR 27,153,424.38 as at December 31st 2009, shall be allocated as follows:
 - a) a part of the distributable profit in the amount of EUR 27,110,599.20 shall be allocated for dividend payment in the amount of EUR 7.20 gross per ordinary share;
 - b) the remaining part of the distributable profit in the amount of EUR 42,825.18 EUR shall remain unallocated.Dividends shall be paid out in cash in 60 days after the resolution is adopted, to those shareholders who are duly registered with the KDD – Central Clearing Corporation, as at July 16th 2010.
2. The Shareholders Assembly grants discharge to the company Supervisory Board for the business year 2009.
3. The Shareholders Assembly grants discharge to the company Management Board for the business year 2009.



Mercator

Summary of resolution explanation as announced in the Shareholders Assembly Documentation:

In defining the proposal on the allocation of distributable profit for 2009, the Management Board and the Supervisory Board considered the following: company's previous dividend policy, current balance of retained earnings, expectations and the importance of dividend payments for major and minor shareholders in the current circumstances, the effect of the amount of dividend on the appeal of the shares from the aspect of the shareholders, effect of dividend policy on the stability of ownership composition, structure of financing sources, amount of equity, solvency and liquidity, company development capacity, and other aspects. In addition to the proposal on the allocation of distributable profit, granting discharge to the Supervisory Board and Management Board for the year 2009 is also proposed.

3. Appointment of a certified auditing company for the year 2010

RESOLUTION PROPOSAL:

The auditing company KPMG Slovenija, podjetje za revidiranje, d.o.o., Železna cesta 8a, Ljubljana, shall be appointed as the company auditor for 2010.

Summary of resolution explanation as announced in the Shareholders Assembly Documentation:

The auditing company proposed for appointment has the relevant experience in auditing in the field of business activities in which the company is engaged, as well as references both in Slovenia and abroad. Furthermore, it has provided auditing services for the Mercator Group in the last three years.

4. Changes in the company Articles of Association required to harmonize the list of registered company activities with the new standard classification; and to comply with the provisions of the Companies Act (ZGD-1C) on compensation and reward to the Supervisory Board members, on the convocation of Shareholders Assembly, on shareholder notification, on registration and conditions for attendance at the Shareholders Assembly, and for editorial corrections

RESOLUTION PROPOSAL:

The Shareholders Assembly shall adopt the proposed changes to the Articles of Association required to harmonize the list of registered company activities with the new standard classification; and to comply with the provisions of the Act Amending the Companies Act (ZGD-1C, Official Journal RS, No. 42/2009) on compensation and reward to the Supervisory Board members, on the convocation of Shareholders Assembly, on informing the shareholders, on registration and conditions for attendance at the shareholders assembly, and for editorial corrections, as provided in the text which is a constituent part of the Shareholders Assembly documentation. The changes to the Articles of Association shall be effective as of the day they are entered in the Court Register.



Mercator

Summary of resolution explanation as announced in the Shareholders Assembly Documentation:

Proposed changes to the Articles of Association are of technical nature, their purpose is exclusively to harmonize the wording of the Articles of Association with the provisions of the Companies Act and its most recent amendments (ZGD-1C) and the currently effective Regulation on the standard classification of activities. These changes only apply to those provisions of the Articles of Association that must inevitably be changed in order to comply with the said regulations and no other changes of significance for the contents of the Articles of Association are proposed.

5. Management Board's report on acquisition and disposal of treasury shares and authorization for acquisition and disposal of treasury shares

RESOLUTION PROPOSAL:

The Shareholders Assembly shall authorize the company to acquire and dispose of treasury shares as follows:

1. Authorization to acquire treasury shares shall be valid for 36 months after the day it is issued.
2. The authorization is only valid for acquisition of no more than 376,536 treasury shares, provided that the total share of shares acquired for the purposes defined in this authorization, combined with any other shareholdings of treasury shares by the company, does not exceed 10 percent of the company share capital at any time.
3. Purchase price for acquisition of treasury shares:
 - shall not exceed the average daily price per company share as traded at the Ljubljana Stock Exchange, d.d., in the most recent full calendar month before the day of the shares' acquisition, plus 10 percent;
 - shall not be lower than EUR 41.73, which is the notional value of each share in the company share capital.
4. The company may only acquire treasury shares in the regulated capital market;
5. The company may, based on this authorization by the Shareholders Assembly, use the newly and previously acquired treasury shares for the following two purposes, under the following conditions:
 - to trade such treasury shares for shares or shareholdings of other companies, or for any other business or financial property, subject to previous consent by the company Supervisory Board; or
 - for sale to a strategic investor, subject to previous consent by the company Supervisory Board.
6. The price at which the company shall dispose of treasury shares shall not be lower than their average acquisition price, and not lower than the average daily price per company as traded at the Ljubljana Stock Exchange, d.d., in the most recent full calendar month before the day of their disposal.
7. In case of disposal of treasury shares, the preemptive right shall be omitted, if the shares are disposed of for the purposes and under the terms defined in this authorization.



Mercator

8. At the first Shareholders Assembly after the date of any acquisition of treasury shares, the Management Board shall report to the shareholders about the reasons and purpose of such acquisition, total number and share of acquired shares, and about the value of shares acquired. At the first ensuing Shareholders Assembly after the date of any disposal of treasury shares, the company Management Board shall report to the shareholders on the total number and share of disposed treasury shares and on the value of disposed shares. In addition, the Management Board shall also attach an opinion by an independent financial advisor, on the justification of disposal from the aspect of the interest of shareholders and the company.

Summary of resolution explanation as announced in the Shareholders Assembly Documentation:

The authorization for acquisition and disposal of treasury shares is proposed in order to allow the company to use these shares as a source for financing any new acquisitions of shares on other companies, or other property, or for disposal to a strategic partner. The authorization for acquisition and disposal of treasury shares was already granted to the Management Board at the 12th regular Shareholders Assembly on May 17th 2006, for the period of eighteen months. As this period has already expired, a new authorization is proposed.

6. Appointment of two new Supervisory Board members

RESOLUTION PROPOSAL:

The number of Supervisory Board members shall be increased by four (4) additional members; hence, the Supervisory Board will consist of twelve (12) members.

The following two persons shall be appointed as Supervisory Board members representing the interests of the shareholders, for the term of four years, starting on July 13th 2010:

- a) Matjaž Kovačič and
- b) Miro Medvešek.

Summary of resolution explanation as announced in the Shareholders Assembly Documentation:

At the 15th regular Shareholders Assembly held on July 20th 2009, only four Supervisory Board members representing the interests of the shareholders were appointed, out of a maximum of six members that may be appointed pursuant to the Articles of Association. This year, the Supervisory Board received motions by the shareholders NLB, d.d., and NKBM, d.d., who are among the major company shareholders, to propose to the Shareholders Assembly the appointment of new Supervisory Board members. NLB, d.d., proposed the election of Mr. Miro Medvešek and NKBM, d.d., proposed the election of Mr. Matjaž Kovačič. The proposed resolution includes the appointment of both as new Supervisory Board members representing the interests of the shareholders. Curriculum Vitae for both candidates, including their references, are announced as a constituent part of the Assembly documentation.



Mercator

Resolutions to the agenda items 2, 4, and 5 are proposed by the Management Board and the Supervisory Board; the resolution to the agenda item 1 is proposed by the Management Board; and the resolutions to agenda items 3 and 6 are proposed by the Supervisory Board.

II. INFORMATION FOR THE SHAREHOLDERS

Access to Shareholders Assembly Documentation, proposed resolutions including explanations, and information on the Shareholders Assembly

Documentation, or materials, for the Shareholders Assembly, including resolution proposals and full explanations, wording of the proposed changes to the Articles of Association, consolidated copy of the Articles of Association, Annual Report complete with the Supervisory Board Report and the statement of corporate governance, and other documents listed in Article 297.a, paragraph 2, of the Companies Act (ZGD-1), shall be made available to the company shareholders at the company headquarters in Ljubljana, Dunajska cesta 107 (ground floor), each work day from the day of announcement of the Shareholders Assembly convocation to the day of Shareholders Assembly session from 9 AM to 12 noon. All documentation referred to above will also be available on the company website at <http://www.mercator.si>. Convocation of the Shareholders Assembly, explanation of the resolution proposals, wording of the proposed changes to the Articles of Association, and other materials are also published on the website of the Ljubljana Stock Exchange, d.d., (<http://seonet.ljse.si>). Information referred to in Article 296 of the Companies Act (ZGD-1), Paragraph 3, and in-depth information on the rights of the shareholders with regard to submitting any requests for additional agenda items, counter proposals to proposed resolutions, election proposals, and shareholder rights to information (Article 298, Paragraph 1, Article 300, Paragraph 1, and Articles 301 and 305 of the ZGD-1) are also published on the company website.

Requests and proposals by the shareholders

Shareholders whose combined shareholdings amount to one twentieth (five percent) of share capital, may request in writing in seven days after the convocation of the Shareholders Assembly an additional item of the agenda. A written proposal of the resolution on which the Shareholders Assembly should decide, or an explanation of the agenda item in case no resolution is adopted with regard to a particular agenda item, shall be attached to the request. Pursuant to Article 298 of the Companies Act (ZGD-1), Paragraph 3, the company Management Board shall announce those additional agenda items that are submitted by the shareholders no later than seven days after the announcement of the convocation of this Shareholders Assembly. The shareholders may also submit their requests for additional agenda items to the company by electronic mail, to the following address: skupscina@mercator.si.

The shareholders may submit, in writing, resolution and election proposals to each item of the agenda. A shareholder proposal will only be announced by the company Management Board, in the same way as this convocation, if the shareholder submits within seven days after the convocation of the Shareholders Assembly to the company a reasonably justified proposition, along with the statement that the shareholder - proposing party will counter the proposal by the



Mercator

managerial or supervisory body and if the Supervisory Board intends to convince other shareholders to vote for her/his proposal. Pursuant to Article 301 of the Companies Act (ZGD-1), the shareholder shall not be required to justify an election proposal. The shareholder's proposal shall be announced and communicated in the way provided by Article 296 of the ZGD-1 only if the shareholder submitted a reasonably justified proposal within seven days after the announcement of the Shareholders Assembly convocation. The shareholders may also submit the resolution and election proposals to the company by electronic mail, to the address skupscina@mercator.si.

Requests for additional agenda items and resolution or voting proposals submitted by electronic mail must be sent as a scanned image file attached to the e-mail message. The image file must include a handwritten signature of the natural person; in case of legal persons, such documents shall include the handwritten signature of the company representative as well as the stamp of the person, if applicable. The company has the right to check the identity of the shareholder or, the person conferring the power of attorney by e-mail, as well the authenticity of the signature.

Shareholder's right to information

Shareholders are entitled to raise questions at the Shareholders Assembly and request information on company affairs, if such information is required for assessment of agenda items; furthermore, the shareholders may exercise their right to information pursuant to Article 305, Paragraph 1, of the Companies Act (ZGD-1).

Attendance conditions and assertion of voting rights

The Assembly may be attended and voted only by those shareholders who register their attendance in writing in such way that the Management Board receive their application no later than three days before the Shareholders Assembly, i.e. by July 10th 2010, and who are entered as shareholders in the central register of dematerialized securities as at COB (close of business) of July 9th 2010. The application shall be submitted by regular mail to the address Mercator, d.d., Dunajska cesta 107, Ljubljana, Tajništvo pravnega sektorja (Legal Affairs Secretary Office). The applications to the Shareholders Assembly cannot be submitted using electronic means. Only applications with original signatures of the shareholders or their proxies shall be accepted and deemed valid. The Shareholders Assembly application form is available at the company website, and it is freely available at the company headquarters at Dunajska cesta 107, Ljubljana (ground floor), each work day from the day of announcement of the convocation to the day of the Shareholders Assembly convention, from 9 AM to 12 noon.

Each shareholder with the right to attend the Shareholders Assembly may also appoint a proxy to attend the Shareholders Assembly on their behalf and exercise their voting right. The authorization must be submitted to the company in writing. The authorization shall remain in custody of the company. Proxy voting form is available at the company website; it is also freely available at the company headquarters at Ljubljana, Dunajska cesta 107 (ground floor), each work day from the day of announcement of the convocation to the day of the Shareholders Assembly convention, from 9 AM to 12 noon. The authorization may also be submitted to the company by electronic mail, to the address skupscina@mercator.si, scanned into an image file and attached to the e-mail message. Such document shall include a handwritten signature of



Mercator

the natural person; in case of legal persons, such documents shall include the handwritten signature of the company representative as well as the stamp of the person, if applicable. The company has the right to check the identity of the shareholder or, the person conferring the power of attorney by e-mail, as well the authenticity of the signature. The shareholders may also revoke the authorization in the same way it was submitted, anytime until the day of the Shareholders Assembly.

The shareholders or their proxies or attorneys shall be obliged to prove their identity upon request by presenting a personal identification document and written authorization; in addition, statutory representatives shall also be required to present an extract from the judicial or business register.

As at the day of Shareholders Assembly convocation, the company has 3,765,361 ordinary registered no par value shares. Pursuant to the relevant legislation, each ordinary share carries one vote for its owner at the Shareholders Assembly. As at the day of Shareholders Assembly convocation, the company has 42,192 treasury shares which do not carry voting rights.

The shareholders are kindly requested to check in at the Shareholders Assembly reception office upon their arrival, no later than half hour before the beginning, to confirm their presence with their signatures on the list of attendants and to claim their voting devices. The hall where the Shareholders Assembly is to take place will be open 30 minutes prior to the beginning of the session.

The Shareholders Assembly is convened for 1 PM. In case of absence of quorum at such time, the Assembly shall be rescheduled for 2 PM on the same day at the same place, regardless of the share of total share capital represented at the Assembly.

Management Board President
Žiga Debeljak

Supervisory Board President
Robert Šega