

Pursuant to Article 247 of the Companies Act (hereinafter referred to as ZGD-1) and in reference to Articles 221 and 337 of the ZGD-1, the Management Board of the company POSLOVNI SISTEM MERCATOR, d.d., Dunajska cesta 107, Ljubljana (hereinafter referred to as the Company), submits the following

Report on the reasons for proposing full omission of the preemptive right in disposal of treasury shares

The Shareholders Assembly is proposed to grant to the Company an authorization to acquire and dispose of treasury shares. According to the proposed authorization, the Company may only acquire treasury shares in regulated market, thus fully observing the principle of equal treatment of all shareholders as provided in Article 221 of the ZGD-1. The purchase price shall not exceed the average daily price per share at the Ljubljana Stock Exchange, d.d. in the most recent full calendar month before the day of their acquisition, plus ten percent, and shall not be lower than EUR 41.73, which is the corresponding value per share in the Company's share capital.

Based on the proposed authorization, the Company may acquire treasury shares only for the purpose of subsequently trading them for the shares or ownership holdings of other companies of any other business or financial property, or for sale to a strategic investor. Hence, the Company shall be allowed to use the treasury shares as a source for financing any new acquisitions of shares on other companies, or other property, or for disposal to a strategic partner, if the Company finds such transaction compliant with the business interests and strategic policies of the Company.

When using treasury shares for the purposes referred to above, preemptive right and the principle of equal treatment of all shareholders cannot be observed as in such case, shares can only be disposed to previously known persons – holders of funds of strategic partners. For the same reason, such disposal of shares cannot be effected in the regulated capital markets. Therefore, the authorization explicitly states that the shareholders' preemptive right in case of disposal of treasury shares shall be fully omitted. Each disposal of shares for the proposed purposes requires previous consent by the Supervisory Board; furthermore, such transactions must be reported to the Shareholders Assembly at the first ensuing session when an opinion by an independent financial advisor must also be submitted on the fairness and justification of the transactions from the aspect of the Company shareholders (so-called fairness option). Thus, it shall be guaranteed that the Company will indeed dispose of treasury shares only for the purposes of pursuing the planned strategic goals without hurting the interests of the shareholders.

Full omission of the preemptive right in disposal of treasury shares in the ways defined in the proposed Shareholders Assembly authorization is in the best economic interest of the Company; moreover, the authorization clearly defines the terms and procedures of disposal of treasury shares in such way to protect the interests of all shareholders. Therefore, it is our view that omission of the preemptive right of the existing shareholders is justified, as it is the only way to attain the goal that is objectively in the best interest of the Company.

The authorization for acquisition and disposal of treasury shares was already granted to the Company 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.

Ljubljana, June 8th 2010

Management Board President:
Žiga Debeljak