

Mercator, d.d.
Dunajska cesta 107
p.p. 3234, 1001 Ljubljana
Slovenija

**To the Consortium of Sellers of the majority
package of shares of the company**

Telefon: (01) 560 11 95
Telefax: (01) 560 10 74
<http://www.mercator.si>

Date: 20 December 2011

Subject: Response to your letter, dated 19 December 2011

Dear!

We would like to thank you for your letter dated 19 December 2011 in which you informed us that none of the proposed approaches for the protection of interests of Mercator is feasible. We accept this information with great disappointment, as you have always claimed that in the sales process you want to protect the interests of Mercator and its employees to the greatest extent possible.

In connection with the protection of interests of Mercator we have so far constructively suggested five possible approaches, namely:

- in the letter dated 27 October 2011; conclusion of two agreements with the Consortium of buyers and the Consortium of sellers, which was later proved to be impossible to implement due to non-existence of anticipated signatories;
- in the letter dated 30 November 2011, three new possible alternative approaches;
- in the letter dated 13 December 2011, a new approach to this matter regarding the terms of sales contract.

Yesterday, you have informed us that none of the approaches is feasible. Such position is difficult to accept as valid because we believe that it would be possible to realize at least some of the proposed approaches if there was any interest. If nothing else, the contractual terms for the protection of Mercator interests could be at least coordinated in advance with us, which we have already proposed in the letter dated 13 December 2011, however this has not been done.

As to your invitation to the meeting with your legal and financial advisors regarding the presentation of elements of the sales contract we thank you greatly for your willingness. If you want us to examine the contents of the contract together with our financial and legal advisors, send us a copy and we will do this. If after the analysis anything stays unclear, our legal and financial advisors will be glade to contact your advisors.

Taking into account that:

- the Agrokor Group is the biggest competitor of the Mercator Group in the whole Western Balkan region,
- after completion of the transaction Mercator would become a subsidiary of Agrokor,
- there exist transactions execution risks which could cause irreparable loss to Mercator,

we gave you a very clear message, already at the beginning of our communication regarding our sales support activities and also later, that we are willing to support the process of selling a majority packet of shares to our largest competitor in region only under the condition that vital interests of the Mercator Group will be preliminary adequately protected. This is even more important in an unexpected further tightening of financial and economic situation in the region which have and in the coming years will continue to have an impact on the business operations of the Mercator Group and all other operators in the region.



As we have previously informed you in our letters, the precondition for any support to the sales process in adequate protection of the interests of the Mercator Group and its employees. This condition is independent to the agreement between the Consortium of Sellers and potential buyers. At the moment we do not have any evidence showing us that the interests of the Mercator Group have been adequately protected and the risks we have highlighted were not minimized.

Kind regards,

Melita Kolbezen
Member of the Management Board

Žiga Debeljak
President of the Management Board