



Mercator

Pursuant Articles 299 and 300 of the Companies Act (ZGD-1), the Management Board of the company Poslovni sistem Mercator, d.d., hereby announces the

counter-proposal for the 13th regular Shareholders Assembly of the company Poslovni sistem Mercator, d.d., convened for June 27th 2007.

Following is the counter-proposal to the item 3a. of the agenda, as submitted by the shareholder, member of the PanSlovenian Shareholders Association, Mrs. SLAVKA VENKO:

3a) Adoption of the resolution on the allocation of distributable profit and payment of dividends

RESOLUTION COUNTER-PROPOSAL:

1. Distributable profit as at December 31st 2006 in the amount of SIT 29,264,696,782.42 (EUR 122,119,415.72) is to be allocated as follows:
 - Part of the distributable profit in the amount of SIT 5,322,100,057.20 (EUR 22,208,730,00) deriving from undistributed profit for the previous years shall be allocated for the payment of dividends in gross amount of SIT 1,437.84 (EUR 6.00) per ordinary share;
 - Remaining part of the distributable profit in amount of SIT 23,942,596,725.22 (EUR 99,910,685.72) shall be allocated to other reserves from profit.
2. Dividends shall be paid out in cash within 60 days after the adoption of the resolution, to those shareholders that are registered as owners of shares with the KDD – Central Clearing and Depository Agency as at July 2nd 2007.

Explanation of the counter-proposal

With respect to exceptional growth of net profit in the business year 2006 compared to the profit in the previous year, the proposing party proposes that dividend payment follow this trend; net profit rose by 121.3 percent in 2006.

In view of the proposing party, the company could easily allocate more profit for dividends, more precisely EUR 6 per share; thus, 18.2 percent of the distributable profit would have been allocated for dividend payment (EUR 7.4 million more than proposed by the Management and Supervisory Board) as at December 31st 2006, which is still less than one fifth of total distributable profit.

Management Board's view on the counter-proposal

The Management Board of the company Poslovni sistem Mercator, d.d., does not support the counter-proposal. In the beginning of 2007, the company Poslovni sistem Mercator, d.d., laid down a new proposal of dividend policy for the period 2007 – 2010, based on the relevant factors and circumstances regarding its development, investment, finance, taxation, and other issues; the proposal is consistent with the practice of dividend policy of other Slovenian and international trade companies. This dividend policy was adopted by the company Supervisory Board at its regular meeting held on April 17th 2007. Proposed dividend for 2007 in the amount of EUR 4.0 per share is 60 percent higher than the dividend paid out in 2006. Hence, the Management Board

believes that the dividend per share proposed in 2007 represents an apt compromise between short-term dividend yield and long-term development plans of the Mercator Group.

**Poslovni sistem Mercator, d.d.
Management Board**