



Mercator

**Management Board and Supervisory Board of
Mercator, d.d.**

hereby submit to the Shareholders Assembly for discussion and adoption the following

proposal of resolution with regard to the 1st item of the agenda:

the Shareholders Assembly Bodies shall be elected.

E x p l a n a t i o n

The Management Board has the authority and responsibility to propose to the Shareholders Assembly the election of operative bodies, i.e. the President of the Shareholders Assembly and members of the Election Committee, who will carry out the voting and election procedure, as well as provide the presence of a notary public. The Supervisory Board has already confirmed the proposed election of operative bodies.

Ljubljana, July 21st 2008

Management Board president
Mr. Žiga Debeljak

Supervisory Board president
Mr. Robert Šega



Mercator

**Supervisory Board and Management Board of
Mercator, d.d.**

hereby submit to the Shareholders Assembly for discussion and adoption the following

proposal for resolution with regard to the 2nd item of the agenda:

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

1. Distributable profit as at December 31st 2007 in the amount of EUR 22,063,739.40 is to be allocated as follows:
 - ◇ Part of the distributable net profit in the amount of EUR 16,002,784.25 shall be allocated for the payment of dividends in gross amount of EUR 4.25 per ordinary share;
 - ◇ Remaining part of the distributable net profit in the amount of EUR 6,060,955.15 shall be allocated to other reserves from profit.
2. Dividends shall be paid out in cash within 30 days after the adoption of the resolution, to those shareholders that will be registered as owners of shares with the KDD – Central Securities Clearing Corporation as at August 29th 2008.

b) Granting discharge to the Supervisory Board

Shareholders Assembly hereby grants discharge to the company Supervisory Board for the 2007 business year.

c) Granting discharge to the Management Board

Shareholders Assembly hereby grants discharge to the company Management Board for the 2007 business year.

Explanation

Pursuant to Article 282 of the Companies Act, the audited Annual Report for 2007 was discussed and adopted by the Supervisory Board of the company Poslovni sistem Mercator, d.d., at its meeting held on February 26th 2008. Pursuant to Articles 293 and 294 of the Companies Act, the Shareholders Assembly shall decide on the allocation of distributable profit and on the discharge to the company Management Board and Supervisory Board.

The proposed resolution on allocation of distributable profit for 2007 is based on company long-term development policy of the Mercator Group and the proposed amount of dividend per share complies with the company dividend policy adopted for the period 2007-2010.

Ljubljana, July 21st 2008

Management Board president
Mr. Žiga Debeljak

Supervisory Board president
Mr. Robert Šega



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**Supervisory Board and Management Board of
Mercator, d.d.**

hereby inform the Shareholders Assembly of the

3rd item of the agenda.

E x p l a n a t i o n

Consistently with the authorization granted at the 12th regular Shareholders Assembly of the company Poslovni sistem Mercator, d.d., dated May 17th 2006, the Management Board shall present the transactions involving treasury shares, carried out in 2007. Given the informative nature of the report, no resolution was proposed with regard to this item.

On July 25th 2007, the company disposed of 21,525 treasury shares at the prices of EUR 334.51 EUR per share, totaling at EUR 7,200,327.75, for the purchase of a 20-percent ownership share in the company Presoflex, d.o.o. An independent financial consultant, the company KPMG, poslovno svetovanje, d.o.o., Ljubljana issued on May 21st 2007 an opinion on the justifiability of the transaction and the terms of disposal of the minority block of the company shares. The opinion that was published on the same day on the SEONOET stock exchange electronic information dissemination system is included in the documentation for this Assembly. In 2007, the company did not acquire own / treasury shares.

Attachment: Opinion of the company KPMG, d.o.o., Ljubljana

Ljubljana, July 21st 2008

Management Board president
Mr. Žiga Debeljak

Supervisory Board president
Mr. Robert Šega



Mercator

**Supervisory Board and Management Board of
Mercator, d.d.**

hereby submit to the Shareholders Assembly for discussion and adoption the following

4th item of the agenda.

Wolfgang Putschek, Ph. D.
is hereby appointed as the member of the Supervisory Board
for the term of office from the date of appointment to 30. Oct. 2009.

Explanation

On 12. April 2006 the member of the Supervisory Board, Mr. Gorazd Čuk resigned as the board Supervisor of the Company, thereby creating a void in the opening dedicated to the representative of capital in the Supervisory Board of the Company. On last two consecutive meetings of the Shareholders' Assembly no candidate among the proposed had been appointed.

Consecutively, the Supervisory Board decided to propose to the Assembly the election of a substitute member of the Board, in line with Article 36 of the By-laws of the company Poslovni sistem Mercator, d.d. The candidate, Mr. Wolfgang Putschek, Ph. D. submitted his written consent to his candidacy, along with the statement that his appointment would not be in disagreement with Article 255 of the Commercial Corporations Act.

Mr. Wolfgang Putschek, Ph. D., born on 13 Sept. 1964 is a Doctor in Law, and from the year 2004 is the member of the Board of Directors of the company Raiffeisen Investment AG from Vienna, Austria, heading the Sector of pharmacy, trade, chemistry, paper and car industry. He had joined the company Raiffeisen Investment AG in the year 1995 as the Financial Products Director for Eastern Europe.

Mr. Wolfgang Putschek, Ph. D. is a member of the Supervisory Board of the company Raiffeisen Investment Polska, Warsaw and the Chairman of the Supervisory Boards of the companies Raiffeisen Investment Ukraine and Raiffeisen Investment Malta.

The Supervisory Board is certain that the proposed candidate with his expertise and experience would successfully perform his duties as the member of the Supervisory Board of the Company.

Ljubljana, July 21st 2008

Supervisory Board Chairman
Mr. Robert Šega



Mercator

**Supervisory Board and Management Board of
Mercator, d.d.**

hereby submit to the Shareholders Assembly for discussion and adoption the following

5th item of the agenda.

The Shareholders' Assembly backs the motion for the introduction of participation of employees in profit of the company starting from the year 2009 onwards, and hereby authorizes the Management and the Supervisory Board to prepare the draft proposal of required amendments to the Company By-laws and the draft agreement regarding the participation in profit until the following regular meeting of the Shareholders' Assembly in accordance with the Participation of Employees in Profit Act (Official Journal RS # 25/2008)

Explanation

The proposed resolution is related to the adopted Participation of Employees in Profit Act (Official Journal RS # 25/2008) which defines details regarding the participation of employees in the profit of a company and in the ownership of a company, relevant agreement regarding the participation in profit, procedures for signing such agreement, monetary and stock distribution scheme, and related terms and conditions for tax exemptions and individual social security contributions. In order to be able to carry out the allocation of the company profit for the participation of employees in profit, this must be clearly defined in the company By-laws in accordance with standing legal requirements regulating commercial corporations. Adoption of comprehensive amendments and supplements of the Company By-laws is planned to be carried out at the next consecutive regular meeting of the Shareholders' Assembly in the year 2009, therefore the Supervisory Board and the company Management would have to prepare relevant draft proposals for the amendments of By-laws addressing the above described issues.

Ljubljana, July 21st 2008

Management Board president
Mr. Žiga Debeljak

Supervisory Board president
Mr. Robert Šega



Mercator

**Supervisory Board of
Mercator, d.d.**

hereby submits to the Shareholders Assembly for discussion and adoption the following

proposal for resolution on the 6th item of the agenda:

The auditing company KPMG Slovenija, podjetje za revidiranje, d.o.o., Železna cesta 8a, Ljubljana, shall be appointed as the company auditor for 2008.

E x p l a n a t i o n

In April 2008, we addressed a request for quotation regarding auditing services for the company Poslovni sistem Mercator, d.d., and the Mercator Group to several major international auditing companies in Slovenia.

The request for quotation defined the major criteria for selection of the auditor, which included: experience and references, professional qualifications of the auditors, the option to coordinate the audit centrally for all markets of Mercator's operations, and price. The analysis of the quotations has shown that the company KPMG Slovenija, podjetje za revidiranje, d.o.o., had submitted the most favorable offer. We therefore propose to appoint the auditing company KPMG Slovenija, podjetje za revidiranje, d.o.o., as the company auditor for 2008.

Ljubljana, July 21st 2008

Supervisory Board president
Mr. Robert Šega