



**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.

Ljubljana, June 16<sup>th</sup> 2009

Management Board president  
Mr. Žiga Debeljak

**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 2<sup>nd</sup> 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 31<sup>st</sup> 2008 in the amount of EUR 19,513,494.43 is to be allocated as follows:
  - ◇ Part of the distributable net profit in the amount of EUR 16,944,124.50 shall be allocated for the payment of dividends in gross amount of EUR 4.50 per ordinary share;
  - ◇ Remaining part of the distributable net profit in the amount of EUR 2,569,369.93 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 Securities Clearing Corporation as at July 23<sup>rd</sup> 2008.

**b) Granting discharge to the Supervisory Board**

Shareholders Assembly hereby grants discharge to the company Supervisory Board for the 2008 business year.

**c) Granting discharge to the Management Board**

Shareholders Assembly hereby grants discharge to the company Management Board for the 2008 business year.

**Explanation**

Pursuant to Article 282 of the Companies Act, the audited Annual Report for 2008 was discussed and adopted by the Supervisory Board of the company Poslovni sistem Mercator, d.d., at its meeting held on February 26<sup>th</sup> 2009. 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 resolution on allocation of distributable profit for 2008, proposed by the company Management Board and Supervisory Board, is based on company long-term



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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, June 16<sup>th</sup> 2009

Management Board president  
Mr. Žiga Debeljak

Supervisory Board Chairman  
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 with regard to the 3<sup>rd</sup> item of the agenda:**

Pursuant to Article 31, Paragraph 2, of the company articles of Association and Bylaws, the company Supervisory Board consists of eight (8) members. The following persons shall be appointed as members of the Supervisory Board to represent the shareholders:

- Mr. Stefan Vavti,
- Mr. Robert Šega,
- Mrs. Jadranka Dakič and
- Mr. Kristjan Verbič.

The appointed members of the Supervisory Board shall commence their respective terms as of the day of the expiry of the terms of the incumbent Supervisory Board members, i.e. on October 31<sup>st</sup> 2009. Pursuant to the Articles of Association, the term lasts four years, i.e. until October 31<sup>st</sup> 2013.

**Explanation:**

The Supervisory Board of the company Mercator, d.d., defined the voting proposal for the new Supervisory Board members at Mercator, d.d., at its meeting held on June 16<sup>th</sup> 2009, in compliance with the relevant effective legislation. The respective terms of all current members of the Supervisory Board who represent the shareholders expires on October 30<sup>th</sup> 2009. Hence, the Shareholder's Assembly must appoint new members – shareholder representatives. Pursuant to the company Articles of Association and Bylaws, the number of Supervisory Board members shall be defined at the Assembly; however, this number may not exceed 12: one half (not more than 6 members) shall represent the interests of the shareholders, and the other half (not more than 6 members) shall represent the interests of the employees.

The Supervisory Board approached the definition of the voting proposal with particular responsibility, since the Shareholders Assembly could not provide sufficient support for appointment of a replacement Supervisory Board member in the last three years, despite the fact that as many as nine different candidates were proposed for the position.

Therefore, the Supervisory Board, looking to submit an electable proposal for the new members, decided to invite certain shareholders in writing to propose their candidates for the proposed Supervisory Board member list. The invitation was sent to (a) all shareholders or groups of shareholders holding over 5 percent of the company shares (Infond Holding, d.d., Unicredit banka Slovenija d.d.), and (b) to all shareholders who proposed their candidates for the replacement Supervisory Board



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member at the last year's Shareholders Assembly, thus expressing their interest to actively take part in its formation (Rodić M&B Trgovina, d.o.o., Pan-Slovenian Shareholders Association (VZMD), and KLM, d.d., and Electa, d.o.o.).

The following candidates were proposed by the invited shareholders:

1. Shareholder Unicredit banka Slovenija, d.d., (holding a 8.01% interest): **Mr. Stefan Vavti**, bank Management Board member, M.A. in economics, deputy member of the Supervisory Board of Bank Association of Slovenia;
2. Shareholder Rodić M&B Trgovina, d.o.o., (holding a 4.63% interest): **Mr. Robert Šega**, business consultant at Epakta, d.o.o., M.S. electronics, incumbent Supervisory Board chairman of company Poslovni sistem Mercator, d.d.;
3. Shareholders KLM, d.d., and Electa, d.o.o. (holding a 2.22% combined interest): **Mrs. Jadranka Dakič**, deputy mayor to the Municipality of Ljubljana, B.A. in economics, member of several Supervisory Boards, including two banks and the Ljubljana Stock Exchange;
4. Shareholder Pan-Slovenian Shareholder Association (VZMD): **Mr. Kristjan Verbič**, President of VZMD, M.S., professor of philosophy and sociology, Supervisory Board member at LIP Radomlje, d.d.

The shareholder Infond Holding, d.d., (as the parent company of a group of associated companies it holds a combined interest of 48.34 percent) reported that the invitation to take part in the appointment of candidates is currently irrelevant to them due to the decision of the Competition Protection Office of the Republic of Slovenia, according to which its voting rights have been suspended. The same shareholder further stated that they expect the ownership of the company Mercator, d.d., to "become clear" by mid July which is when they will be able to submit their proposal for the Supervisory Board members. Furthermore, they expressed the wish to be able to submit proposals for their Supervisory Board member candidates after July 15<sup>th</sup> 2009. It is in their interest to propose three of the six Supervisory Board members, which they feel to be consistent with their nearly 50-percent ownership of the company.

With regard to the composition of the Supervisory Board members, there aren't any starting points as to how many members should represent a particular shareholder or a group of shareholders. Exactly the opposite may be asserted as being true: all Supervisory Board members act as natural persons and must work to the benefit of the entire company and all shareholders. Therefore, there is and should not be any direct relation between the ownership shares, or interests, and the number of members in the Supervisory Board; the Shareholders Assembly may elect any given proposals, provided it is supported by simple majority attained.

Since the appointment of the Supervisory Board members failed to find sufficient support at the Mercator Shareholders Assembly at any meeting during the last three years, the Supervisory Board believes the composition of the Supervisory Board



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members should be structured in such way that the members will adequately represent all shareholders while the proposal is acceptable to as many shareholders as possible, and thus electable.

The proposal by the Supervisory Board is therefore based on the following starting points:

1. Since the shareholder Infond Holding, d.d., currently refused to propose the candidates for the Supervisory Board members, the voting proposal shall be defined in such way that only four shareholder representatives are proposed and that the number of all members is defined at eight (8). The shareholder Infond Holding, d.d., will thus have the option to propose an extension to the number of the Supervisory Board members either at this year's Shareholders Assembly or at any time in the future, and appoint two additional members – shareholder representatives. Since this particular shareholder holds over one twentieth (1/20) of share capital, they will be entitled to request preferential treatment / discussion of their proposal at the Shareholders Assembly, or request the convening of a new Shareholders Assembly pursuant to Article 296 of the Companies Act (ZGD-1).
2. Since the experience from the previous years has shown that it is difficult to provide sufficient shareholder support, the Supervisory Board fully observed the proposals by the invited shareholders when defining its proposal for the four candidates. The Supervisory Board finds that such proposal, given the same attendance at the Shareholders Assembly as in 2008, is electable if supported by all shareholders who proposed their respective candidates.

The Supervisory Board finds that such approach has yielded a responsible voting proposal by the Supervisory Board members in such way that

- (a) adequate representation is provided for all groups of shareholders;
- (b) a high probability of election is provided; and
- (c) specific situation of the largest shareholder is accounted for as fairly and as far as possible.

In a two-tier system of governance, the Supervisory Board is a key body that is required for regular and unhindered operation of a joint stock company. Appropriate appointment of the Supervisory Board members who will represent the shareholders is of vital importance for the stability of the Mercator Group both from the aspect of its smooth operation and from the aspect of perceived risk by the financial and other partners.

Ljubljana, June 16<sup>th</sup> 2009

Chairman of the Supervisory Board

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

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

**proposal for resolution on the 4<sup>th</sup> 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 2009.

**Explanation**

Based on the proposal by the Auditing Committee which, pursuant to Article 280 of the Companies Act, discussed the selection of the independent external auditor at its meeting held on February 24<sup>th</sup> 2009, the Supervisory Board hereby proposes to the Shareholders Assembly to appoint the auditing company KPMG Slovenija, podjetje za revidiranje, d.o.o., Železna cesta 8a, Ljubljana, to audit the financial statements and reports by the company Mercator, d.d., and the Mercator Group.

KPMG is a renowned international auditing company which includes the company KPMG Slovenija, podjetje za revidiranje, d.o.o. The latter company has audited the financial statements of the company Mercator, d.d., and the Mercator Group for the last two years.

Ljubljana, June 16<sup>th</sup> 2009

Chairman of the Supervisory Board  
Mr. Robert Šega