

Pursuant to the Decision on sale of the share of the Managing Board of Zastava Vehicles Group no. UO-22-1/05, dated 3 October 2005, and no. UO 11-2/07, dated 23 March 2007, the consent by the Privatization Agency no. 266-2110 ZDS/01, dated 21 October 2005, as well as the Representation Contract I/3 cer. no. 2590/05, dated 25 October 2005, the Annex of the Representation Contract II/cer.no. 2921/05, dated 22 November 2005, and the Annex 2 of the Representation Contract no. II cer. no. 880/07, dated 24 May 2007, Serbian Privatization Agency announces

**PUBLIC INVITATION FOR PARTICIPATION IN THE PUBLIC BIDDING FOR
PURCHASE OF THE SHARE OF JOINT-STOCK COMPANY FOR HOLDING,
CONSULTING AND MANAGEMENT – ZASTAVA VEHICLES GROUP,
KRAGUJEVAC, IN THE COMPANY "ZASTAVA REZEVNI DELOVI" d.o.o.
KRAGUJEVAC
Sale code: R-280607-024p**

1. Subject of Sale

The subject of sale is the share of the Joint-stock company for holding, consulting and management – Zastava Vehicles Group, Kragujevac, which amounts to 100% of the capital in the Company "Zastava Rezervni Delovi" d.o.o. Kragujevac.

2. Bidding Documents

Interested parties can purchase the sale documents at the price of CSD: 40.000,00, after they receive the invoice from the Privatization Agency. The purchase of the bidding documents is mandatory, and on its receipt one is to sign the Confidentiality Agreement. Upon submitting the payment evidence, the sale documents can be collected at the following address: Privatization Agency, Auction Center, 23 Terazije St. (5th floor), 11000 Belgrade, 10:00-17:00, from 4 June 2007 to 21 June 2007.

3. Initial Price

Initial Sale Price at the public bidding for the share in "Zastava RD" d.o.o. Kragujevac amounts to: **CSD 142.046.127** (One hundred and forty-two million forty-six thousand one hundred and twenty-seven dinars).

4. Requirements for a Purchaser

Declared Purchaser shall assume the obligations pursuant to the Sale and Purchase Agreement which is the integral part of the bidding documents.

By submitting the application, the participant fully accepts the conditions given in the Instructions to Participants which are the integral part of the sale Documents.

5. Requirements for Participants

All legal entities and natural persons have the right to participate in the sale process with the limitations mentioned in the Instructions to Participants, if they pay the deposit amounting to: **CSD 14.204.613** (fourteen million two hundred and four thousand six hundred and thirteen dinars), i.e. 10% of the initial sale price, or submit the first-class bank guarantee of the same amount in accordance with the Instructions to Participants.

In case that the bank guarantee has been submitted as a means of paying the deposit, it has to be payable within the period of 48 hours after the purchaser has been declared at the public bidding.

6. Due Dilligence procedure

After signing the Confidentiality Agreement and purchasing the bidding documents, a potential participant shall be in the position to visit the aseets of “Zastava Rezervni Delovi“ d.o.o. Kragujevac, have meetings with the persons in charge and check financial, commercial and legal data. Then, if the potential participant decides to participate in the public bidding, it is necessary for him/her to pay the deposit or submit the first-class (irrevocable) bank guarantee and submit the Application for Participation, as described in the Instructions to Participants.

7. Submission of Applications for Participation in the Public Bidding

The deadline for submission of applications is 21 June 2007 at 17:00. The applications are to be submitted to the Privatization Agency, in a sealed envelope marked with the following:

APPLICATION FOR PARTICIPATION IN PUBLIC BIDDING **R-280607**
SERBIAN PRIVATIZATION AGENCY
AUCTION CENTER
23 TERAZIJE St, 5th floor, 11000 BELGRADE

If there is the name of the subject of sale on the envelope or the full sale code, the application can be rejected. Application for participation is to be filled in a separate form, which is the integral part of the purchased documents and has to contain the data given in the Instructions to Participants, deposit payment evidence and number of account for returning the deposit. Incomplete and late applications shall not be taken into consideration. The Commission for the conduct of the public bidding shall inform the applicants on the approval of their applications no later than one weekday prior to the date of the public bidding.

8. Public Bidding

The public bidding will be held on **28 June 2007**, starting at 14:00, at the Privatization Agency, 23 Terazije St., Belgrade, Large Hall on the second floor. Registration of the

participants in the public bidding will be held at the same address on 28 June 2007, from 13:00 to 13:50.

The method of public bidding and conclusion of the Sale and Purchase Agreement are described in detail in the Instructions to Participants, which are the integral part of the sale documents.

The deposit is to be returned to the participants which have not been declared a buyer within the period mentioned in the Instructions to Participants.

The participant to be the first to bid the highest offer and which is declared a buyer, shall have the deposited sum calculated in the purchase price, while the margin between the deposited sum and the final purchase price is to be paid by the declared buyer in the account of the Privatization Agency pursuant to the provisions of the Sale and Purchase Agreement. In case that it refuses to sign the Sale and Purchase Agreement, the deposit is to be retained.

Zastava Vehicles Group a.d.

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