



Pursuant to the Decision of the Privatization Agency and the Restructuring Program of Joint Stock Company for Holding, Consulting and Management Affairs Grupa Zastava Vozila a.d. Kragujevac in Restructuring (hereinafter: "Grupa Zastava Vozila"), Privatization Agency (hereinafter: "the Agency") announces:

PUBLIC INVITATION

for participation in preliminary Data Rooms visit, in the procedure of tender sale of the capital of **Joint Stock Company for Production and Distribution of Passenger Cars Zastava Automobili a.d. Kragujevac**.

Code: **ZA 38/07**

1. Total registered capital of **Joint Stock Company for Production and Distribution of Passenger Cars Zastava Automobili a.d. Kragujevac** (hereinafter: "the Company"), sole producer of passenger cars in the Republic of Serbia, consists of the shares owned by Grupa Zastava Vozila a.d. (87.26435% of the capital), Development Fund of the Republic of Serbia (11.83655% of the capital) and small shareholders (0.8991% of the capital).
2. Restructuring Program of Grupa Zastava Vozila a.d. prescribes the sale of the Company shares owned by Grupa Zastava Vozila a.d. together with the shares owned by Development Fund of the Republic of Serbia in the public tender process.
3. The Agency invites all Prospective Bidders to participate in preliminary Data Rooms visit, which will enable Prospective Bidders in the tender to gather information on the Company in the initial phase of the process.

It is expected that tender sale of the capital of the Company will be initiated in April 2008. Before the initiation of the process of the sale of capital of the Company, the Agency will formally announce Public Invitation related to the respective sale, and initiate thereupon the sale of Tender Documents.

4. Preliminary Data Rooms visits will be available from 14 January 2008 until 31 March 2008 at the Company's premises in Kragujevac.
5. Information about the Company, as well as the list of all documents located in Data Rooms (hereinafter: "Preliminary Data") will be made available to all qualified Prospective Bidders free of charge.
6. In order to qualify for participation in the preliminary visit to Data Rooms, Prospective Bidders must present evidence that one of the following criteria has been fulfilled:

- a) it is a legal entity that has been engaged in production of passenger cars (whether as CBU or CKD or SKD units) for at least the last three fiscal years in continuity, and that it realized operating revenues of at least EUR 500,000,000 (five hundred million euros) in 2006, or
- b) It is a financial investor (a legal entity with investment as its core activity that exists for at least 3 years, including investment companies, mutual funds, insurance companies, pension funds or investment banks) with total operating assets of at least EUR 2,000,000,000 (two billion euros) in 2006.

Prospective Bidder shall evidence fulfillment of qualification requirements from points a) or b) by a duly notarized copy of the excerpt from the Court or other relevant register of legal entities and by audited financial statements for the year 2006.

If the Prospective Bidder is a consortium, it is necessary that the Consortium Leader (consortium member with at least 51% share in the consortium) fulfills one of the qualification requirements - a) or b).

7. The Agency has appointed Citadel Financial Advisory d.o.o. (hereinafter "the Advisor") as the Advisor in this process of sale of capital of the Company.
8. The Agency hereby invites all Prospective Bidders to submit written request for participation in preliminary Data Rooms visit (hereinafter: "the Request"), by 20 March 2008, at the latest.

Requests shall be delivered to the Advisor by mail, to the address stated below, e-mail or by fax, clearly marked as "Request for participation in preliminary Data Rooms visits – Code ZA 38/07". Documents evidencing fulfillment of qualification criteria from Clause 6 shall be enclosed with the request.

After the receipt of the Request the Advisor will forward the notice on qualification for preliminary Data Rooms visit to the Prospective Bidder. After delivery of the notice, the Confidentiality Agreement will be forwarded to authorized person of the Prospective Bidder the (by mail, e-mail or fax) to be signed. Signed Confidentiality Agreement should be immediately mailed and faxed back to the Advisor, to the address stated below.

9. After receipt of the signed Confidentiality Agreement, the Advisor will deliver Preliminary Data to the Prospective Bidder by mail, e-mail or hand it to its authorized representative. The Agency, the Advisor and/or the Company shall not be held responsible for accuracy and correctness of any information contained in the Preliminary Data and/or any loss or delay that may occur in the delivery of any document in relation to this Public Invitation.
10. The Agency reserves the right to change conditions and deadlines from this Public Invitation, if necessary.

Participation in preliminary Data Room(s) will not be in any way (except for the Confidentiality Agreement) obligatory for Prospective Bidders. If a new Prospective Bidder applies for participation in final Data Rooms, which will be organized within the following period, such Prospective Bidder will have the same rights as other Prospective Bidders that participated in preliminary Data Rooms visits.

11. All inquiries relating to this Public Invitation should be directed to the addresses stated below, in Serbian or English language:

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