



Based on the decision of the Management Board of Grupa Zastava Vozila on sale of its stake in the capital of the company "Zastava kamioni" d.o.o., and based on the decision of Iveco S.p.A. on the sale of its stake in the capital of the company "Zastava kamioni" d.o.o., as well as the Agreements on Representation No. 1-262/06-266-3/01 and No. 1-263/06-266-3/01, the Privatization Agency Republic of Serbia (hereinafter: the Agency) issues a:

PUBLIC INVITATION

FOR PARTICIPATION IN THE PROCESS OF PUBLIC TENDERING FOR ACQUISITION OF
STAKES OWNED BY GRUPA ZASTAVA VOZILA AND IVECO S.p.A. IN

"ZASTAVA KAMIONI" d.o.o. KRAGUJEVAC

(hereinafter: **Selling Entity**)

Sale Code: ZK 02/06

1. Subject of Sale

The subject of sale are stakes of Akcionarsko drustvo za holding, konsalting i menadzment poslove Grupa Zastava Vozila, Kragujevac, and Iveco S.p.A. Torino, in the Selling Entity, which represents 100% of the total capital of the Selling Entity.

Details about the Selling Entity:

Address: Trg Topolivaca 4, 34 000 Kragujevac

Phone: +381 34 335 355

Fax: +381 34 335 319

Core Activity: Production of trucks and special purpose vehicles

Registered for international trade and services in connection with international trade

More details about the Selling Entity are available at:

http://www.priv.yu/pregled_preduzeca/pdf/e-teaser_11060.pdf

2. Tender Documents

Detailed information on the Selling Entity (Information Memorandum) together with the Instructions to Bidders (hereinafter: Tender Documents) will be made available to all interested participants upon signing of the Confidentiality Agreement and payment of the Tender Documents fee.

The Tender Documents fee is EUR 6,000.00 (six thousand Euro) in CSD equivalent at the median exchange rate of the National Bank of Serbia at the date of invoicing.

The Agency has appointed Citadel Financial Advisory d.o.o. (hereinafter: Advisor) to act as the Advisor in this sale process.

The Agency hereby invites all interested parties to submit a written request for purchase of the Tender Documents by **April 14, 2006 at 5 pm Belgrade time**;

A written request for purchase of the Tender Documents shall be sent by post, e-mail or facsimile to the Advisor at the address below, and shall clearly display the reference "Request for purchase of the Tender Documents – Sale Code **ZK 02/06**". Upon receipt of the request, an invoice for paying the Tender Documents Fee as well as the Confidentiality Agreement for signature shall be forwarded to authorized representative of the participant in the process of the sale of stakes by post, e-mail or fax. The signed Confidentiality Agreement shall be immediately faxed and mailed back to the Advisor to the address below.

Upon receiving the signed Confidentiality Agreement, evidence on authorization for the person signing the Confidentiality Agreement and evidence of payment of the Tender Documents Fee, the Advisor shall immediately forward the relevant Tender Documents to the participant in the public process for selling of the stakes by mail/e-mail or hand it to its authorized representative.

The Advisor and the Agency shall not be held liable for any loss or delay that may occur in the delivery of any document.

3. Minimum Price

Minimum Price for 100% of the total capital of the Company "ZASTAVA KAMIONI" d.o.o. in the process of public tendering is: EUR 3.928.473 (three million nine hundred twenty eight thousand four hundred seventy three Euros).

4. A bid may be submitted by:

- A. A potential bidder that fulfils the following requirements:
- Has purchased the Tender Documents, and
 - Fulfills one of the following requirements:
 - a) it has either been engaged in production and/or sale of trucks and special purpose vehicles for at least the last 3 operating years in continuity, and achieved operating revenues in excess of EUR 10.000.000 (ten million Euros) in 2005;
 - b) or is a financial investor (legal entity whose core activity is investment of money, which exists for at least the last 3 years, and includes investment companies, mutual funds, insurance companies, pension funds and investment banks) with total operating assets exceeding Euro 50,000,000 (fifty million Euros) in 2005;
 - c) or is an investor that achieved operating revenues exceeding EUR 50.000.000 (fifty million Euros) in 2005.

If a potential Bidder is a parent company that does not fulfill the requirements of this clause of the Public Invitation, its subsidiary has the right to submit a bid, if it fulfills the stated requirements. The subsidiary has the right to submit the bid if the parent company has purchased the Tender Documents. If an interested subsidiary does not fulfill the requirements of this clause of the Public Invitation, its parent company has the right to submit a bid, if it fulfills the stated requirements. The parent company has the right to submit the bid if the subsidiary has purchased the Tender Documents.

- B. If an interested bidder is a Consortium, it is necessary that it fulfills cumulatively the following requirements:
- All Consortium members have made the decision on organizing and entering into the Consortium;

- All Consortium members have signed a written Consortium Agreement and duly notarized it at Court or other relevant authority (in case of foreign legal entities and individuals);
- Each member of the Consortium assumes an unlimited joint and several liability according to the provisions of the Consortium Agreement;
- The Consortium Agreement specifies each member's percentage in the acquisition of the capital of the Selling Entity;
- All Consortium members have signed a notarized power of attorney for the representing member of the Consortium;
- All Consortium members have signed the Confidentiality Agreement;
- At least one of the Consortium members has purchased the Tender Documents;
- The Consortium member with the largest share in Consortium fulfills one of the following requirements:
 - a) it has either been engaged in production and/or sale of trucks and special purpose vehicles for at least the last 3 operating years in continuity, and achieved operating revenues in excess of EUR 10.000.000 (ten million Euros) in 2005;
 - b) or is a financial investor (legal entity whose core activity is investment of money, which exists for at least the last 3 years, and includes investment companies, mutual funds, insurance companies, pension funds and investment banks) with total operating assets exceeding Euro 50,000,000 (fifty million Euros) in 2005;
 - c) or is an investor that achieved operating revenues exceeding EUR 50.000.000 (fifty million Euros) in 2005.

6. Submission of final written offers

The deadline for submission of the final offers for the acquisition of 100% of the total capital of the Company "ZASTAVA KAMIONI" d.o.o. by interested bidders is **May 12, 2006 at 5 p.m.** Belgrade time. The Agency reserves the right to amend the terms and deadlines of this Public Invitation

As a prerequisite for submitting a bid, it is required to pay a deposit or submit a Bid Bond in the amount of EUR 300,000 (three hundred thousand Euros).

7. Questions and Clarifications

All questions relating to this Public Invitation should be directed to the Advisor at the address below:

Citadel Financial Advisory d.o.o.

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 Vladimira Popovica 6
 11070 Belgrade
 Serbia and Montenegro

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 Project Manager

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