

Based on Article 28 of the Law on Privatization ("Official Gazette of the RoS", Nos. 38/2001, 18/2003 and 45/2005)

PRIVATIZATION AGENCY
(hereinafter: "Agency")
issues this:

PUBLIC INVITATION

for participation in the public tender
for sale of 86.4997% of the total registered capital of the Company:

“Korporacija Fabrika automobila Priboj” a.d. Priboj – u restrukturiranju
(hereinafter: "Entity undergoing privatization")

Tender Code: **FAP 10/07**

1. Total registered capital of the Entity undergoing privatization consists of 86.49973% socially owned capital and 13.50027% share capital.

2. The Agency is offering for sale 100% of the socially owned capital of the Entity undergoing privatization, a well known domestic producer of trucks and buses.

3. Information about the Entity undergoing privatization:
Address: Radnicka bb, Priboj, Republic of Serbia

Phone: +381(33) 55 240
Fax: +381 (33) 55 240

Activity: Production of trucks and special vehicles

More details about the Entity undergoing privatization are available at:

http://www.priv.yu/pregled_preduzeca/pdf/e-teaser_398.pdf

Detailed information about the Company, as well as the Information Memorandum (hereinafter: "Tender Documents") shall be available to all interested tender participants after signing of the Confidentiality Agreement and payment of the Tender Documents Fee.

The Tender Documents Fee is EUR 6,000 (Euro six thousand).

The Entity undergoing privatization has appointed **BDO BC Excel**, Belgrade, as the consultant in this privatization procedure (hereinafter: "Consultant").

4. A bid may be submitted by:

- A. An interested bidder that fulfills the following conditions:
- it has purchased the Tender Documents, and
 - it fulfills at least one of the following conditions as at the bid submission date:

either

a) it has been engaged in production and/or sales of motor vehicles for at least the last 3 business years in continuity, and achieved operating revenues of at least EUR 10,000,000 (Euro ten million) in 2006;

or

b) is a financial investor (a legal entity whose core activity is investing money, which exists at least the last 3 business years and includes investment companies, mutual funds, insurance companies, pension funds, and investment banks) with total operating assets in excess of EUR 50,000,000 (Euro fifty million) in 2006;

or

c) is an investor who achieved operating revenue in excess of EUR 15,000,000 (Euro fifteen million) in 2006;

If the interested bidder is a subsidiary that does not fulfill the conditions from this clause of the Public Invitation, its parent company has the right to submit the bid, if it fulfills these conditions. The parent company has the right to submit the bid if the subsidiary purchased the Tender Documents.

If the interested bidder is a parent company that does not fulfill conditions from this clause of the Public Invitation, its subsidiary has the right to submit the bid, if it fulfills these conditions. The subsidiary has the right to submit the bid if the parent company purchased the Tender Documents.

B. If the interested bidder is a Consortium, it must cumulatively fulfill the following conditions:

- All Consortium members have passed the decision on organizing and entering the Consortium,
- All Consortium members have concluded a written Consortium Agreement and certified it with the Court, i.e. other competent body (in the case of foreign legal entities and natural persons),
- Each Consortium member assumed unlimited joint and several liability by the provisions of the Consortium Agreement,
- The Consortium Agreement specifies each member's percentage in the acquisition of the capital of the Entity undergoing privatization, whereby one of the Consortium members has no less than 51% share in the Consortium (hereinafter "Consortium Leader"),
- All Consortium members have signed a certified Power of Attorney for the person representing the Consortium,
- All Consortium members have signed the Confidentiality Agreement,
- At least one member of the Consortium has purchased Tender Documents,
- The Consortium Leader fulfills at least one of the following conditions:

either

a) it has been engaged in production and/or sales of motor vehicles for at least the last 3 business years in continuity, and achieved operating revenues of at least EUR 10,000,000 (Euro ten million) in 2006;

or

b) is a financial investor (a legal entity whose core activity is investing money, which exists at least the last 3 business years and includes investment companies, mutual funds, insurance companies, pension

funds, and investment banks) with total operating assets in excess of EUR 50,000,000 (Euro fifty million) in 2006;

or

c) is an investor who achieved operating revenue in excess of EUR 15,000,000 (Euro fifteen million) in 2006;

5. The Agency hereby invites all interested parties to submit a written request for purchasing the Tender Documents for the Entity undergoing privatization, no later than by **May 25, 2007**.

Tender Documents will be available to interested parties from May 12, 2007.

Written requests for purchasing the Tender Documents shall be submitted to the Consultant by mail, e-mail, or fax, clearly marked with "Request for Purchasing the Tender Documents – Tender Code: FAP 10/07".

Upon receipt of this request, an invoice for payment of the Tender Documents Fee, as well as the Confidentiality Agreement for signature, shall be forwarded to the tender participant's authorized representative by mail, e-mail, or fax. The signed Confidentiality Agreement must be immediately faxed and mailed back to the Consultant at the address below.

Upon receipt of the signed Confidentiality Agreement, the proof of authorization for the person who signed the Confidentiality Agreement, and the proof of payment of the Tender Documents Fee, the Consultant shall, after the lapse of the deadline from Paragraph 2 of this Clause, deliver the Tender Documents to the tender participant by mail/e-mail or hand it to its authorized representative.

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

6. The deadline for submitting final binding offers for purchase of 86.49973% of the total registered capital of the Entity undergoing privatization by interested bidders is **June 28, 2007** at 5 p.m. (Belgrade time).

If necessary, the Privatization Agency retains the right to change the terms and conditions of this Public Invitation.

As a prerequisite for submitting a bid, it is required to pay deposit or to submit a Bid Bond in the amount of EUR 50,000 (Euro fifty thousand).

7. For any questions pertaining to this Public Invitation, interested parties may contact persons listed below, in Serbian or English language.

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