



Integration of Distribution Division

Today the District Court in Gdansk dismissed the claims of two minority shareholders of Centrostal S.A. (CDG). The claimants requested that the court declares invalidity of the resolutions of the shareholders' meeting of CDG dated 3 December 2007, regarding the merger with Złomrex Steel Services S.A. (ZSS).

The District Court found no grounds for the invalidation of the resolutions. In its oral grounds it stated that the claimants did not prove any irregularities in the resolutions and the merger process and, moreover, that the claimants are not entitled to request the invalidation of the resolutions claiming that the exchange parity of the merger is not satisfactory to the shareholders.

The decision of the court is not final and the claimants have the right to appeal. However, in light of the grounds for the judgment, in our view, the likelihood of a successful appeal is very low.

Both companies are subsidiaries of ZŁOMREX S.A. (Złomrex, the Company); CDG consolidates all Polish steel distribution companies within Złomrex Group and ZSS holds 74,9% stake in voestalpine Stahlhandel GmbH (VASTH) and an option for the remaining 25,1% of shares. VASTH has been acquired by Złomrex in March 2007 with the proceeds from EUR 170 million senior notes issuance conducted in January 2007.

The court's ruling opens way for quick conclusion of the merger process between ZSS and CDG. Złomrex expects that the approval of merger prospectus by the Financial Supervisory Commission and the merger registration by the Court Register should therefore be completed in the third quarter of 2008. After the merger ZSS will replace CDG as a company listed on Warsaw Stock Exchange and will consolidate all distribution activities of Złomrex Group. Złomrex will then hold approximately 88% stake in ZSS (now 100%).