



Sale of shares in Zeljezara Split

ZLOMREX S.A. (Zlomrex, the Company) has announced that yesterday it entered into an agreement with Carlson Private Equity Limited (the Fund) on sale of all its shares held in Zeljezara Split (Zeljezara). Zlomrex had 95,9% stake in Zeljezara's capital and the same share in voting rights. The transfer of shares is conditional to receiving a statement from the Bank of New York Mellon which acts as a trustee under the Company's EUR 170 million senior notes' issuance on release of pledge encumbering Zeljezara's shares.

Apart from the shares sale agreement Zlomrex and the Fund entered into a conditional agreement on assignment of receivables owed by Zeljezara to Zlomrex (the Receivables) at a price which shall be established as a function of Zeljezara's EBITDA during the next five years' period (2010-2014). Specifically, Zlomrex shall receive as a consideration for the assigned Receivables an amount equal to 50% EBITDA surplus over the amount of EUR 5 million each year during that period. Alternatively the Fund may decide to acquire the Receivables at a price of one euro prior to the time when accounts of Zeljezara for the fiscal year 2014 are prepared by procuring that Zeljezara or any other party satisfies the Receivables at the minimum amount of:

EUR 7 million in 2009 or
EUR 8 million in 2010 or
EUR 9 million in 2011 or
EUR 10 million in 2012 or
EUR 11 million in 2013 or
EUR 12 million in 2014.

The amount of Receivables being subject to the assignment agreement is approximately EUR 17 million. The assignment agreement is conditional to the Fund making an investment into Zeljezara in the amount sufficient that it regains viability.