



Sale of Shares in Cognor Stahlhandel GmbH

ZŁOMREX S.A. (Złomrex, the Group) reports that together with COGNOR S.A. (Cognor, the Seller), a 64,4% subsidiary of Złomrex, it has entered yesterday into a conditional share sale agreement (the Agreement, the Transaction) with Eff eins Beteiligungsverwaltung GmbH and Eff zwei Beteiligungsverwaltung GmbH both with their corporate seats in Vienna (together: the Purchaser) on sale of shares in Cognor Stahlhandel GmbH (Cognor Austria, the Company). The Company is part of Złomrex Distribution Division and it conducts all the Groups' international (other than in Poland) operations in steel products distribution business.

Currently the Seller holds 74,9% interest in Cognor Austria with an option (the Option) to acquire the remaining 25,1% of shares from voestalpine Stahl GmbH, a minority shareholder in the Company. The Option agreement has been amended on December 6, 2010 and it now anticipates that the acquisition of the minority stake will take place until the end of March 2011.

Pursuant to the Agreement Cognor and Złomrex conditionally agreed to sell both currently held and the Option shares. The price for 100% of the Company's share capital has been agreed at EUR 32,771 thousand (the Price). The Price will be adjusted by the difference between Cognor Austria's equity as of December 31, 2009 and as of closing. Closing of the Transaction shall occur at December 31, 2010 or later, subject to fulfillment or waiver of all conditions precedent.

Major conditions precedent include:

- (i) consent of holders of Złomrex' senior notes,
- (ii) lack of the material adverse change,
- (iii) crediting the escrow account with the amount corresponding to the Price,
- (iv) receipt of Cognor Austria share pledge release confirmation to be made by the Bank of New York,
- (v) receipt of confirmations by the banks that no due and outstanding payments under any of the Company's financing arrangements exist as of closing.

In the Agreement Złomrex extended its corporate guarantee in favor of the Purchaser in order to secure Cognor's performance.

In the opinion of Złomrex's Management the Transaction, together with the sale of Polish distribution assets reported on November 26, 2010, constitute a necessary step in order to address the Group's current short-term liquidity issues comprehensively.