“TIGAR”	TIGAR AD BOARD OF DIRECTORS	
DECISION		Date: 2007-12-28 Page(s): 1 / 5

On the basis of Article 443, Paragraph 1, Item 1 of the Law on Business Companies (Official Gazette of the Republic of Serbia, no. 125/04), and on the basis of Article 144, Paragraph (a), Item 1 of the Articles of Association of the Joint-Stock Company Tigar AD Pirot, the Board of Directors of the Company, at its session held on 28 December 2007, adopted the following

D E C I S I O N
to recommend the conclusion of a transaction of acquisition and disposal of major assets

Article 1

The Board of Directors recommends to the General Assembly of Shareholders of Tigar AD the conclusion of a transaction of acquisition and disposal of major assets between Tigar AD Pirot and Michelin Finance from The Netherlands, Amsterdam 1077XX, Strawinskylaan, 1325 (hereinafter: ”Michelin Finance”), and between Tigar AD Pirot, 213 Nikole Pašića Street (hereinafter: “Tigar AD”) and the company for the manufacture of tires Tigar Tyres Ltd. from Pirot, 213 Nikole Pašića Street (hereinafter: “Tigar Tyres”), whereby (a) the shares of Tigar AD in Tigar Tyres, a joint company controlled by Michelin Finance, are transferred to Michelin Finance, and (b) certain property is transferred between Tigar AD and Tigar Tyres (hereinafter: “the transaction”), all of the above as set out in the Report on the Conditions of the Transaction of Acquisition and Disposal of Major Assets, attached as Annex 1 to this Decision and constituting its integral part.

Article 2

The scope of the resolution by the General Assembly of Shareholders is Tigar AD’s 30% interest in Tigar Tyres and the sale of land with infrastructures owned by Tigar AD.

The Board of Directors hereby recommends to the General Assembly of Shareholders of Tigar AD to adopt a resolution on the conclusion of the transaction of acquisition and disposal of major assets between Tigar AD and Michelin Finance from The Netherlands, and between Tigar AD and Tigar

Tyres, the text of which is attached as Annex 2 to this Decision and constitutes its integral part.

The Report on the Conditions of the Transaction of Acquisition and Disposal of Major Assets (Annex 1 hereto) defines the right of Tigar AD to sell its 30% interest in Tigar Tyres in three annual installments during the period from 2008 to 2010, and to sell land with infrastructures at the Tigar II location.

The value of Tigar AD's 30% interest in Tigar Tyres, including the agreed 10% premium, is estimated to be RSD 1,443,917,179 on 31 December 2007, while the value of the land with infrastructures at the Tigar II location is RSD 571,393,528. This makes up a total of RSD 2,015,310,707.

The sales price of the interest will be calculated based on the formula: V x X x 110%, where V is the value of 100% shares in Tigar Tyres expressed in Euros and X is the percent interest sold by Tigar AD. The value of Tigar Tyres shares in RSD will be determined as of 31 December 2007. This value will be converted into Euros applying the average RSD/EUR exchange rate over 30 working days prior to 31 December 2007. V will be reduced by any and all distributions to stockholders made between 31 December 2007 and the relevant option payment date.

Article 3

The Board of Directors shall issue a separate decision convening a session of the General Assembly of Shareholders for the purpose of rendering a decision on this transaction of acquisition and disposal of major assets.

Shareholders will be informed of the convening of the session no later than 30 days before the scheduled date of the session.

The notification on convening of the session shall contain:

- the reasons for convening the session;
- this Decision;
- the Report on the Conditions of the Transaction of Acquisition and Disposal of Major Assets between Tigar AD and Michelin Finance, attached as Annex 1 to this Decision;
- a draft resolution on the conclusion of the transaction of acquisition and disposal of major assets between Tigar AD and Michelin Finance from the Netherlands, and between Tigar AD and Tigar Tyres, attached as Annex 2 to this Decision;
- a notification on the right of dissenting shareholders to refuse to approve the transaction of acquisition and disposal of major assets, on which they are entitled to vote, as well as the right to evaluation

and compensation of the value of their shares on that basis, attached as Annex 3 to this Decision.

Article 4

This Decision shall come into effect on the date of its issuance.

J u s t I f I c a t I o n

DESCRIPTION OF INTER-PARTNER RELATIONSHIPS

The joint company Tigar Tyres commenced operating on 1 January 2003. The partners in the joint company were Tigar AD, MHPB (a member of the Michelin Group), and the IFC (a member of the World Bank Group). At the time of formation, Tigar AD owned 65%, MHPB 25% and the IFC 10%. Also at the time of formation, the IFC, as a partner in the joint venture, granted the joint company a 16 million EUR long-term capital loan and invested 4 million in the capital. In 2005, MHPB and the IFC increased the capital of the company by 12 million Euros in order to ensure further financing of investment and development needs of the joint company. Tigar AD did not participate in this capital increase due to a lack of funds for such purposes. Following the capital increase, the participation of the partners in the capital of the joint company altered and Tigar's shares were reduced to 49.4%. In accordance with the Second Amendment to the Framework Agreement signed in 2005, Michelin exercised its call option on 11 April 2007 and purchased from Tigar AD 19.6% of the capital in Tigar Tyres in the total value of RSD 743,752,413, whereafter the shares of Tigar AD decreased to 30%. On the basis of a share purchase contract, MHPB proceeded to purchase in installments the shares of the IFC in the joint company. The purchase of the remaining shares of the IFC in Tigar Tyres is planned for 2008, whereafter Michelin Finance, as the legal successor to MHPB, will hold a 70% interest and Tigar will hold a 30% interest.

As the majority owner, Michelin Finance has full control of the business operations of Tigar Tyres as well as the *de facto* right to define development, investment, manufacturing, commercial, financial and dividend policies.

The existing Framework Agreement concluded between Tigar AD, MHPB and the IFC in March of 2002, which regulates all mutual relationships between the partners, shall cease to be in force once the IFC ceases to be a partner in the joint company, whereafter there would no longer be any documents which generally regulate the relationships between the partners.

If Michelin, as a partner, were to issue a decision to finance the investment needs of Tigar Tyres through a new capital increase, and should Tigar AD, as may be expected, be unable to participate in such a capital increase due to a lack of funds, the percentage of shares of Tigar AD in the joint company may be significantly decreased.

PROPOSAL OF THE MICHELIN GROUP

The Michelin Group submitted a proposal to Tigar AD, as its partner in the joint company, comprised of the following elements:

- A proposal to purchase 30% of the shares of Tigar AD in Tigar Tyres during the period through and including the year 2010. In accordance with this proposal, Tigar AD is entitled to sell (and Michelin is obligated to purchase) 10% of its shares annually. If Tigar AD should fail to sell its shares in Tigar Tyres by 2010, Michelin is entitled to purchase, and Tigar is obligated to sell its shares by the end of 2010. Should Tigar AD hold shares in Tigar Tyres in 2010 and should Michelin fail to purchase such shares, Tigar AD is entitled to request (and Michelin is obligated to accept) the transformation of the company into a joint-stock company and the sale of shares through the stock market. Options would be exercised at a price calculated according to the formula VxXx110, where V is the value of 100% of the shares in Tigar Tyres expressed in Euros, and X is the percentage of the capital being purchased with a 10% premium. The price is fixed in Euros in order to prevent the influence of exchange rate fluctuations during the time period provided for the exercise of the options.

  The price calculation formula is included in the Report on the Conditions of the Transaction of Acquisition and Disposal of Major Assets. The value of the 30% interest, based on projected Tigar Tyres 2007 financial statements, including a 10% premium, is 1,443,917,180 RSD, while the book value is 974,275,339 RSD. The book value of Tigar AD's interest, prior to appraisal, at the time of incorporation of Tigar Tyres, was 946,133,586 RSD, while the total amount to be paid, including the call option price which was paid in April of 2007, would be 2,187,669,593 RSD, or 2.3 times higher than the initial book value.

- A proposal to purchase land with infrastructures at the Tigar II location (surface area 231,274 m^2), in the total value of 571,393,528 RSD.

- Tigar AD and Michelin would sign a new Framework Agreement, representing a consolidated version of the valid provisions of the existing Framework Agreement between the parties executed in 2002, four interim amendments to this Agreement and the Term Sheet for the current transaction. Signing of this Agreement would regulate the relationships between the partners for the duration of the partnership in the joint company, which is very important for the implementation of a joint policy with respect to Tigar Tyres, including the dividend policy of Tigar Tyres which provides for distribution of 50% of earned profits as dividends.

- A proposal to purchase the buildings of the Technical Rubber Goods and Chemical Products factories, for an approximate aggregate price of 586 million Dinars; the move of these two factories to the new industrial location has been scheduled as follows: Technical Rubber Goods before the end of 2008, and Chemical Products before the end of 2009.

SIGNIFICANCE OF THE TRANSACTION TO TIGAR AD AND THE SUBSIDIARIES IT CONTROLS

- Bearing in mind the overall global trends in the rubber industry, the fact that roughly 60% of the entire global market belongs to a group of three leading global manufacturers, Michelin's policy to have total control of its factories, the fact that Michelin has at its disposal a large potential for the development of this business, and that Tigar AD is no longer in a position to make a significant contribution in terms of development, technology, organization, financing and marketing, from a business perspective it is considered justified to provide for full integration of Tigar Tyres into the Michelin system along with a high-quality exit strategy for Tigar AD.

- This transaction will ensure the successful and timely completion of Tigar AD's investment program, that is, the commissioning of two new industrial facilities for the manufacture of footwear, technical rubber goods, recycled rubber, products made from recycled rubber and chemical products, as well as the completion of reconstruction, restructuring and upgrading of the sales network in Serbia and the Balkans.

- The period through the year 2010 is sufficient for Tigar AD to fully stabilize the other businesses within Tigar AD

- This transaction will ensure a significantly better position in establishing strategic partnerships in the footwear and technical rubber goods/recycling segments in 2008, which, based on the documents signed to date, are realistically viable. New strategic partnerships in these segments should enable these factories to enter the group of European leaders.

- Through the purchase of the new industrial location, Tigar III, conditions have been created for the existing factories to move to the new location in 2008 and 2009, whereupon the land and buildings at the Tigar II location would lose their current function, which is, on the other hand, compatible with the plans for physical expansion of Tigar Tyres.

- The total cash inflow of approximately 2.6 billion by 2010, of which roughly 1.5 billion will be received in 2008, will allow for a full stabilization of the business and financial position of the corporation, as well as the realization of current projects and entry into new profitable projects.

FINANCIAL EFFECTS OF THE TRANSACTION

Tigar AD's interest in Tigar Tyres and the sale to Tigar Tyres of land with infrastructures owned by Tigar AD fall within the scope of the resolution by the Assembly of Shareholders. The appraised value of Tigar AD's 30% interest in Tigar Tyres, including a 10% premium and based on the average exchange rate over 30 working days prior to 31 December 2007, is 1,443,917,180, while the value of the land with infrastructures is RSD 571,393,528.

The total value of all transactions, including the Technical Rubber Goods and Chemical Products buildings, is roughly 2.6 billion Dinars, while the book value is 1.2 billion Dinars. The difference between the value of the transaction and the book value would be booked under Tigar AD's income and would have a major positive impact on the level of earnings through the year 2010, the cash flow, and the overall business potential.

The expected overall cash inflow is approximately 2.6 billion through the year 2010, of which the inflow of more than 1.5 billion in 2008 will allow for full stabilization of the Corporation's business and financial position, the execution of the projects which are currently under way, and the entry into new profitable projects.

CONDITIONS FOR REALIZATION OF THE TRANSACTION AND EFFECTS OF POTENTIAL NON-APPROVAL

Non-approval of this transaction will bring into question the planned progress of the investment projects which are now under way and whose execution is of the utmost importance to Tigar AD's overall further development, and will bring about uncertainties in the future development of relations with the Michelin Group including all the potential consequences thereof. Any divergence of the resolution of the General Assembly of Shareholders from the decisions of the Board of Directors and the Executive Board must be followed by major changes to corporate objectives, policy direction and management.

On the basis of the above, the Board of Directors recommends to the Assembly of Shareholders of Tigar AD the conclusion of the transaction of acquisition and disposal of major assets between Tigar AD and Michelin Finance, and between Tigar

AD and Tigar Tyres, as described in the Report on the Conditions of the Transaction of Acquisition and Disposal of Major Assets, as well as the adoption of a resolution on the conclusion of this transaction.

BOARD OF DIRECTORS

Dragan Nikolić
Chairman