

On 20 January 2012 AVTOVAZ JSC completed the sale of its existing steel wheels production business to the German group *mefro wheels*. In accordance with the sale and purchase agreement, through its Russian holding company *mefro wheels* Russia OOO, the German side acquired a 100% share in *mefro wheels* Russia Plant Togliatti OOO, founded by AVTOVAZ to implement transactions. The acquirer obtained the approval of the Federal Antimonopoly Service of Russia in 2011.

mefro wheels is one of Europe's leading manufacturers of automotive components, and holds advanced technologies and has decades of experience in manufacturing high quality products. Production capacity at its facilities in Germany, France, Turkey, Argentina and Russia exceeds 25 million passenger car wheels and 5 million truck wheels. The company's current investment plan for the next few years involves *mefro wheels* Russia OOO's investing over 2 billion rubles in facilities modernisation and expansion of the production capacity through its three Russian subsidiaries.

The deal is being implemented in the framework of AVTOVAZ's strategy of restructuring and divestiture of its non-core assets. *mefro wheels*, using its know-how and state-of-the-art technology, will upgrade existing production to bring product quality up to world standards. *mefro wheels* Russia Plant Togliatti OOO will meet 100% of AVTOVAZ's demand for steel wheels and supply products to other international car manufacturers operating in Russia, providing the required level of local content.

All the AVTOVAZ personnel employed in wheel production will continue to work at *mefro wheels* Russia Plant Togliatti OOO.

The purchase price has not been disclosed.

mefro wheels was supported in this transaction by goetzpartners's Corporate Finance as M&A consultants and Noerr LLP as legal advisers.



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