



ezzsteel Business Update

Cairo, 25 March 2011 – ezzsteel (*formerly: Al Ezz Steel Rebars S.A.E.*) (EGX: ESRS; London Stock Exchange: AEZD), the largest independent producer of steel in the MENA region, today gave the following business update:

Ahmed Ezz, the founder of ezzsteel, its majority shareholder and Chairman, is currently under investigation by the Egyptian Authorities. The precautionary asset-freezing measures taken are strictly personal to Mr. Ezz and have no relation to the company's assets. Mr. Ezz strongly denies any wrongdoing and is confident that he will be cleared from charges following due legal process.

Mr. Ezz's role at ezzsteel has largely been restricted in recent years to his responsibilities as Chairman and the day to day management of the business has been conducted by a professional management team, which remains in place. The current investigation concerning Mr. Ezz is not expected to affect the management of the business. However, some of the allegations concern the energy licenses granted to ezzsteel and its subsidiaries (Ezz Rolling Mills and Ezz Flat Steel), as well as all other existing Egyptian steel companies, following their exclusion from the application of a decree issued by the Minister of Industry and Trade mandating paying a fee for licensing new projects in industries with heavy energy consumption. If the courts issue a guilty verdict, then the company shall decide either to give up the licenses in part or fully, or pay a sum of money that has not yet been determined by the relevant authorities (Ministry of Industry and Trade and the Industrial Development Authority).

It is worth noting that the State Council had previously issued several judgments annulling the Ministry of Industry and Trade's decree to impose any fees related to energy licenses or even offer them through auction. Also according to the *res judicata* principle of general applications to cancel administrative decisions, it is expected that these judgments will apply to the licenses awarded to ezzsteel's subsidiaries. In addition, there are other investigations concerning the Company's subsidiary (Ezz Dekheila Steel Company), accordingly an order was issued freezing the personal accounts of Mr. Alaa Abou-El-Khier, an ezzsteel board member, while the General Prosecutors' legal

committees are still examining the related documents, and no exact violations or exact amounts relating to them have been determined to date.

As per the request of the Egyptian Stock Exchange, the company has gone through the list of individuals whose personal assets have been frozen, which does not include anyone from the corporate management team, Board of Directors or major shareholders other than those identified above.

For further information:

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About ezzsteel

ezzsteel (*formerly: Al Ezz Steel Rebars*) is the largest independent steel producer in the Middle East and North Africa, and the Egyptian market leader, with a total actual capacity of 5.8 million tonnes of finished steel. In 2009, the Company produced 3.3 million tonnes of long products (typically used in construction) and 1.0 million tonnes of flat products (typically used in consumer / industrial goods). ezzsteel's customer base is geographically diversified, with flat products directed to export markets, whereas long products are sold in the domestic market. More than 50 per cent of its plants are less than 10 years old, using the latest in modern steel making technology.