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**THE ZAGREB STOCK EXCHANGE Inc.
CROATIAN FINANCIAL SERVICES SUPERVISORY AGENCY
CROATIAN NEWS AGENCY
COMPANY WEB SITE**

Continuation of Restructuring Process by Divesture of Some Businesses

Compliant to the adopted business strategy of Podravka Group and after having conducted additional analyses, the Management Board of Podravka Inc. decided to start with divesture process of Beverages, Bakery and part of frozen products portfolio. In accordance with this decision, the divesture process of Beverages, Bakery and part of frozen products will begin in the second half 2013. Such divesture opens a possibility to reallocate some resources for development of Podravka's key business programs and has a positive effect on EBITDA of approx. HRK 30 mill. annually.

With this Podravka Inc. continues with the implementation of the restructuring measures started in 2012 to advance its business, reduce operating costs and strengthen innovation and competitiveness in Company's key business programs.

Restructuring measures that have been implemented so far are already providing significant operating savings of approx. HRK 70 mill annually.

Apart from that, the Management Board expects that administrative processes optimization measures to be undertaken within next 15 months will generate additional annual savings of HRK 20 mill.

Podravka Inc.