

CET



STRATEGIC ADVISORY •

MERGERS & ACQUISITIONS •

PRIVATE EQUITY •

CORPORATE FINANCE •

A NEW REGION JOINS THE GLOBAL ECONOMY

CET ADVISOR OF CHOICE

The Berlin Wall fell in 1989. Since then more than \$100 billion of foreign direct investment has flowed into Central and Eastern Europe and Russia, as international corporations have seized opportunities in this rapidly growing market of 300 million people.

CET was created in that same year, backed by global institutions and staffed by investment banking and consulting professionals with deep roots in the countries of Central and Eastern Europe.

It has become the advisor of choice for global companies wishing to expand in the region, as well as for local firms seeking finance and partners.

CET has
become
Central
Europe's
leading
financial
and
strategic
advisor

STRATEGIC ADVISORY

25 of the world's hundred largest companies have chosen CET as their advisor for acquisition strategy and business development in the Region.

MERGERS & ACQUISITIONS

A track record of over 100 completed transactions reflects our unique ability to close deals in these markets.

CORPORATE FINANCE

Many firms in the Region have obtained their funding through CET – in amounts from \$10 million to over \$250 million.

PRIVATE EQUITY

CET is co-manager of the \$320 million AIG New Europe Fund, the largest private equity fund in Central Europe.



CET
MOSCOW

CET
WARSAW

CET
PRAGUE

CET
BUDAPEST

CET
ZAGREB

CET
BELGRADE

CET
BUCHAREST

THE CET APPROACH: DEFINING AND REALISING THE VISION

At CET, we see our task as the realisation of a client's vision.

A merger or acquisition, or a sale of equity, is an important step in its own right, but it must be part of a broader objective; CET works with each client on the planning and implementation of its overall goals.

In practice, this means our assignments typically begin with a consulting phase.

Uniquely among investment banking firms, our consulting work is a core competency, ranking equally with our transaction capability. It is carried out by partners and staff recruited from the world's leading strategy advisors.

THE STRATEGY

Bringing its deep knowledge of demand and competitive conditions in Central and Eastern Europe and Russia, CET works with the client to develop a strategy for leadership in its target market segments. The scale of the opportunity is measured, the strengths and weaknesses of the client's position assessed, the threats identified.

THE PLAN

In the planning phase, CET applies analytical rigour, together with extensive databases in the many industries in which it has experience. The resulting business plan inspires a high level of confidence both within the client organization and with external financing or strategic partners.

EXECUTION AND FUNDING

In the execution and funding phase, CET's in-depth knowledge and contacts are again keys to success; over fifteen years we have built up an exceptional level of access to merger targets, to potential buyers, and to the sources of capital available for financing projects in these markets.

BRISTOL-MYERS SQUIBB, wishing to make a major new push into the emerging markets of Central and Eastern Europe, chose CET as its advisor. The result of this two year relationship was a manifold increase in sales and the \$100 million acquisition of Pharmavit in Hungary.

VODAFONE, the world's number one mobile telecommunications company, wished to enter Poland, the largest market in Central Europe. CET worked with this client from the initial planning phase, through partner shortlisting and selection, until its consortium won the desired national mobile license.

BP-AMOCO has major interests in Central and Eastern Europe and Russia. Our Oil and Gas team worked with this client to develop both its upstream exploration business and its downstream service station network, as well as handling an acquisition in its non-energy affiliate Amoco Fabrics.

CISCO SYSTEMS is one of CET's longest standing clients. We are its financial advisory partner for Central Europe and Russia – which means that in addition to our work for Cisco itself, we also support its customers by helping them plan and fund their telecommunications businesses in the region.

American Express

AT&T

Aviva

Bank of America

BP Amoco

Bristol-Myers Squibb

British Telecom

Cisco Systems

Coca-Cola

Comcast

Danone

Dow Chemical

Du Pont

France Telecom

General Electric

GlaxoSmithKline

Hewlett Packard

IBM

ICI

Kodak

Lehman Brothers

Lockheed Martin

Merck

Microsoft

Mitsui

Nestlé

PepsiCo

Procter & Gamble

SBC Communications

Shell

Société Générale

Sun Microsystems

Texaco

Total

Unilever

Verizon

Vodafone

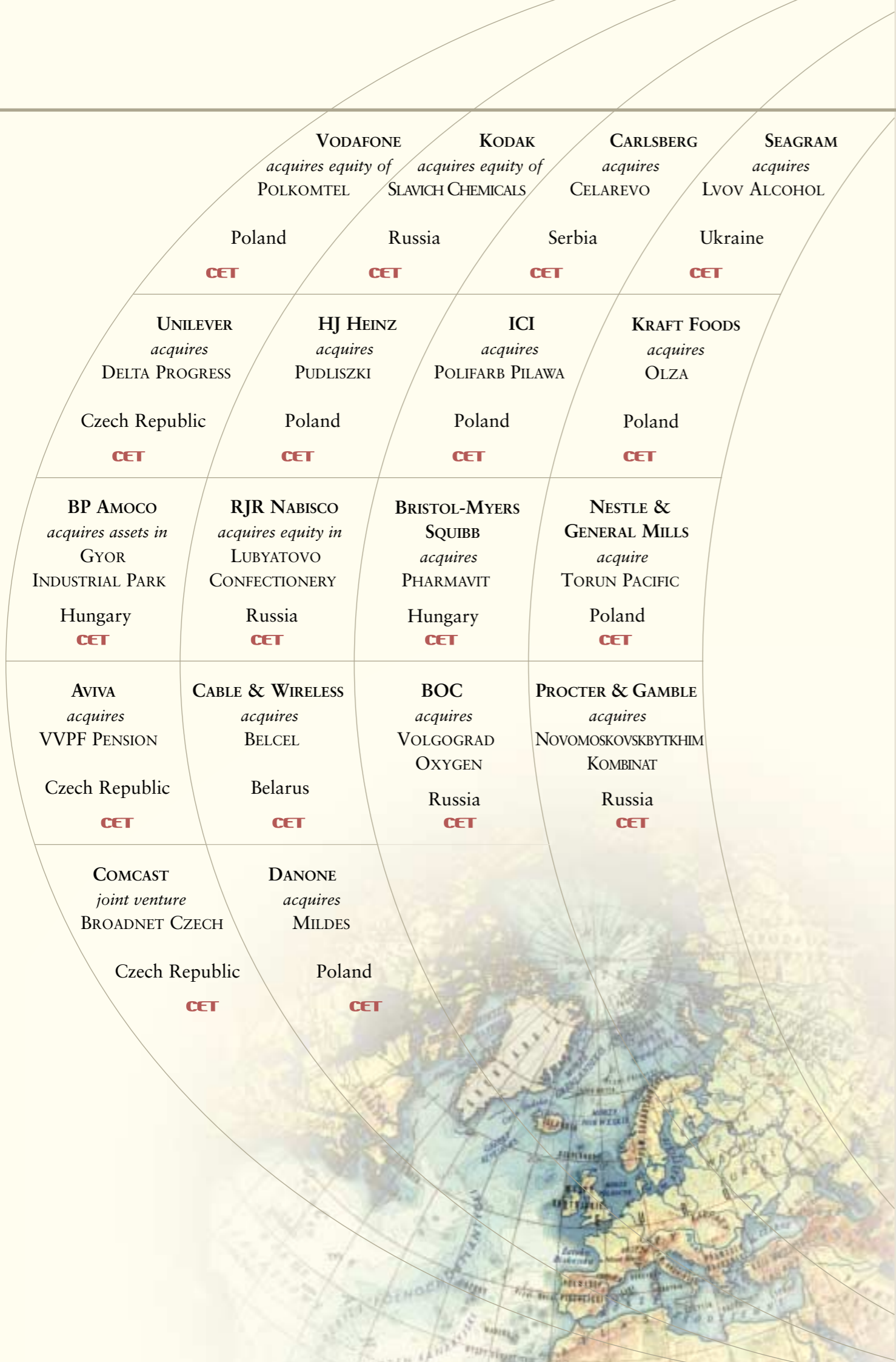
Xerox

Yamanouchi

All the corporations named in this brochure have engaged CET as their advisor for acquisitions or business development in the region

Our clients engage us at an early stage of their planning process

MERGERS AND ACQUISITIONS



Over 90%
of CET deals
close, an
unmatched
track record
which
reflects our
depth of
involvement
in this
Region

CET provides the full range of Merger & Acquisition services a client would expect from its investment bank, including finding the target company, advising on valuation and bid strategy, structuring the transaction and coordinating the deal through to closure.

But we also provide a unique additional advantage: CET's local credentials. As transactions come closer to completion, clients realise how much they have gained by choosing an advisor that is fully accepted by local business and government.

The result is an exceptionally high success rate in closing deals - non-completed transactions are rare exceptions in CET's track record.

AVIVA and **CIGNA**, two of the world's leading insurers, engaged CET to secure acquisitions in Central Europe. In both cases the transactions were successfully closed: for **CIGNA**, a complex joint venture with Poland's **STU**; and for **AVIVA**, the purchase of a strategic stake in the Czech group **VVPF**.

When **Danone**, France's largest food group, wished to acquire the Polish dairy products company **Mildes**, CET structured the deal in three phases; an initial acquisition of 55%, followed by a year of restructuring led by CET personnel seconded to the company, followed by acquisition of the remaining equity.

Procter & Gamble, wanting to acquire majority control of Russia's **Novomoskovskbytkhim Kombinat**, turned to CET for assistance. We put in place a complex share-buying operation, culminating in the successful purchase of the desired stake from the firm's many owners.

PRIVATE EQUITY: FINANCING ENTERPRISE GROWTH IN THE REGION

Many enterprises now prospering in Central and Eastern Europe owe their financing to CET. Deal sizes range from a few million dollars to hundreds of millions.

When **ORBIS**, the Region's largest hotel group, required capital for expansion, it appointed CET as its financial advisor. In a series of share placements, capital was raised from private equity funds, public markets and a strategic investor to a total value of \$280 million - a record for the industry.

Slovakia's mobile telecommunications operator **Orange Slovensko**, needing \$180 million equity for network expansion, turned to our private equity affiliate **AIG-CET Capital Advisors**. The resulting transaction was the largest single private equity fund investment in any sector in Central and Eastern Europe.

We offer a full range of private equity services to companies seeking finance as well as to investment managers seeking transaction support. Our London headquarters works closely with global banks and fund managers. Through our network of regional offices in Bucharest, Budapest, Moscow, Prague and Warsaw we tap the increasing volume of capital available locally.

For investment funds, CET provides a wide range of advisory support, including commercial structuring, sourcing of deals, due-diligence and the execution of sale mandates.

Our own flagship fund, the \$320 million AIG New Europe Fund, is jointly managed by CET and the American Insurance Group. Among its investments are an industrial manufacturer, a bank, telecommunications and media companies and retail enterprises.

AIG-CET
Capital
Advisors
raised and
manages a
\$320 million
fund, the
largest in
Central
Europe

LARGEST PRIVATE EQUITY TRANSACTION IN THE REGION

LARGEST FINANCING TO DATE IN THE INDUSTRY

LARGEST EQUITY SALE OF THE YEAR ON THE WARSAW STOCK EXCHANGE

ORANGE
Slovensko

PRIVATE EQUITY FUNDING

\$180 000 000

AIG - CET
CAPITAL ADVISORS
SYNDICATE LEADER

ORBIS
Hotels And Tourism

INITIAL PUBLIC OFFERING
AND PRIVATE EQUITY
PLACEMENTS

\$280 000 000

CET
LEAD ADVISOR

STALEXPORT
Steel Products

INITIAL PUBLIC OFFERING

\$85 000 000

CET
LEAD ADVISOR

PRACTICES

INDUSTRY PRACTICES

Our professionals are experts in the industries they serve

Every industry is unique: CET reflects this in its practice orientated organisational structure. Among our key practices are ...

TELECOMMUNICATIONS AND TECHNOLOGY

Understanding of the new technology industries is deeply embedded in CET's organisation, the firm's partners having worldwide reputations in this sector. We advise many of the best known names in the computer and telecommunications industries.

PHARMACEUTICALS

CET has an exceptional track record in the pharmaceutical industry, working with 15 of the top 20 multinational corporations, and with many local firms. Our assignments in this sector encompass financial advisory, strategy and operations consulting.

FINANCIAL SERVICES

Many of the world's commercial banks, insurance companies and investment institutions rely on CET to provide expert advice on their operations in the Region, as well as their acquisitions and portfolio investments.

ENERGY AND POWER

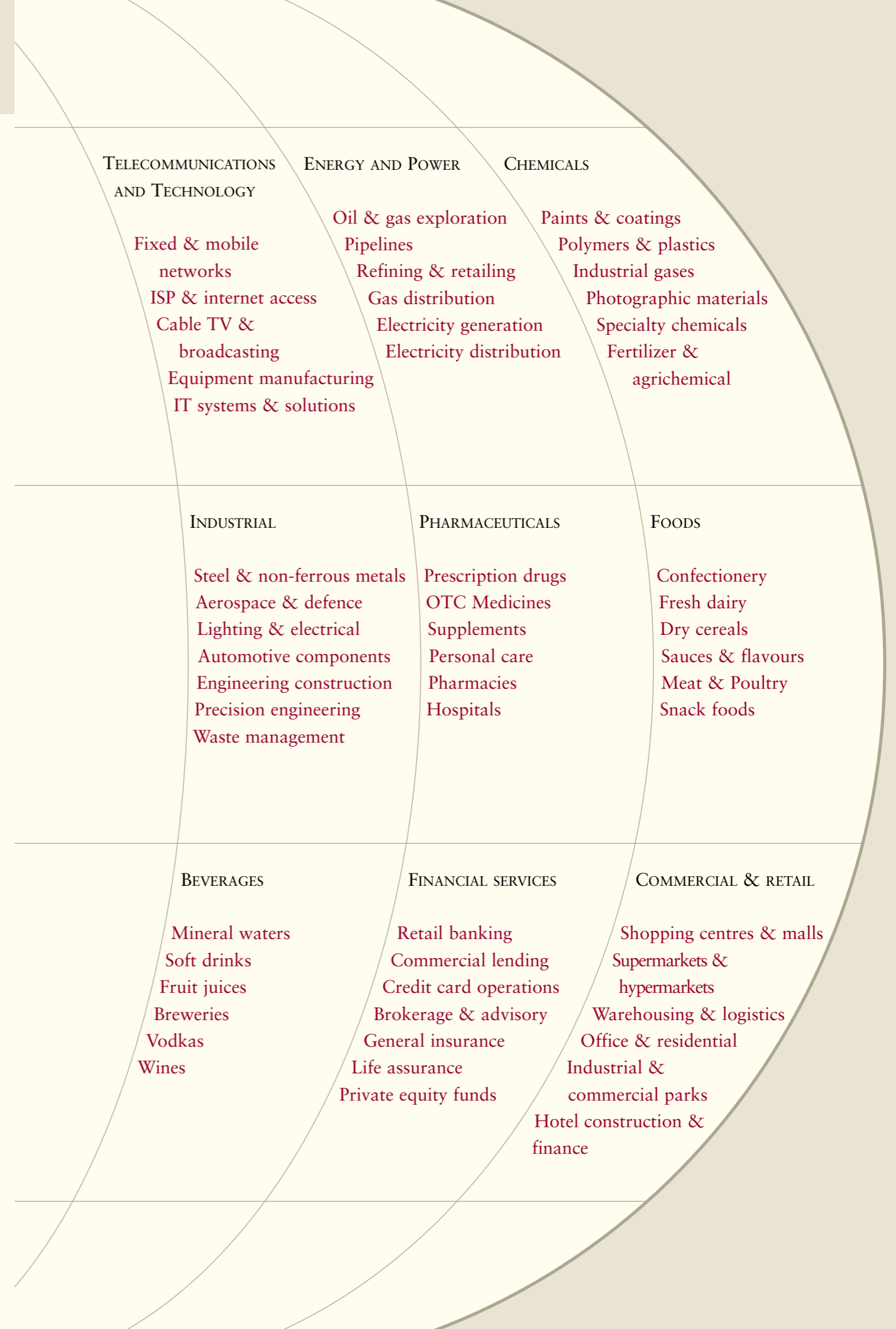
We are a regional leader as advisor in the electrical power industry, both in generation and distribution. In the energy sector more broadly, CET has provided consulting and investment banking services for the world's major oil and gas groups.

FOOD AND BEVERAGES

Since the early 1990's CET has assisted many major multinational FMCG companies with buy and sell transactions in the Region. We also work with them to transform the sales, marketing and distribution performance of their local subsidiaries.

COMMERCIAL AND RETAIL

CET's retail and commercial group has extensive transaction and consulting experience in hotel development, shopping malls and other real estate projects. Our funds are also active investors in these sectors.



Government of Poland

SALE OF STATE ASSETS TO:

Kraft Foods

Bahlsen

ICI

Timken

Crown Cork

Accor Hotels

Deutsche Bank

HJ Heinz

United Biscuits

LEAD ADVISOR

CET

15 PRIVATISATIONS IN POLAND INCLUDING TWO RECORD-MAKING TRANSACTIONS

Government of Romania

ELECTRICITY DISTRIBUTION

2 Privatisation mandates

JOINT ADVISORS

CET
BANK OF AMERICA

ALUMINIUM SECTOR

2 Privatisation Mandates

JOINT ADVISORS

CET
BNP PARIBAS

DIVERSIFIED INDUSTRIAL

20 Privatisation mandates

JOINT ADVISORS

CET
SOCIETE GENERALE

HEAVY INDUSTRIAL

10 Privatisation mandates

JOINT ADVISORS

CET
BANK OF AMERICA

NUMBER ONE PRIVATISATION ADVISOR IN SOUTH EAST EUROPE BY MANDATES AWARDED

Restructuring and privatisation are the twin pillars of reform in the emerging markets of Europe

Restructuring and privatization are the twin pillars of reform in the emerging markets of Europe. CET is deeply involved in these transformation processes, working for central governments, state owned enterprises and the private sector.

The State Treasury of the Government of Poland wished to engage an advisor for the restructuring of the country's entire electricity distribution sector – comprising 32 regional companies. CET was selected following a competitive tender, and worked with the Government for two years to reorganize the industry and prepare it for sale to strategic investors.

The State Ownership Fund of the Government of Romania runs an ambitious privatization timetable. It has awarded CET over 30 sale mandates – more than any other advisor – including contracts for the privatization of ALRO, the largest aluminium smelter in South Eastern Europe, and of two electricity distribution companies.

Our restructuring projects have covered most sectors of the economy, including heavy and light industry, energy and power, pharmaceuticals, telecommunications, consumer goods, banking and insurance, travel and retail distribution.

The sale or restructuring of a publicly owned asset is by its nature sensitive and controversial. The transaction must be defensible both financially and politically. The concerns of local governments, workforce representatives, competition authorities, and numerous ministries have to be addressed. Our skills and contacts are deployed to the full in these important projects – and our personal relationships with the countries' business and government establishments strengthened as a result.

50 ASSIGNMENTS FOR MINISTRIES AND STATE-OWNED BUSINESSES ATTEST TO CET'S ENGAGEMENT WITH ALL LEVELS OF GOVERNMENT IN THE REGION.

WHY CLIENTS CHOOSE CET

Each of our corporate clients has long-established relationships with international consulting firms and investment banks, who also offer services in Central and Eastern Europe. Yet, increasingly, these clients are switching to CET. Why?

For all their professional excellence, those global firms, from which CET was formed, cannot say that success in Central and Eastern Europe is their top priority.

As this is our Region, we have a single-minded determination to succeed with every assignment we take on. CET's founders and directors are personally responsible for every assignment.

No visiting foreigner, however well prepared, can see to the execution of a business venture as well as a professional fully immersed in the local community. Our personnel are multilingual and bi-cultural, equally at ease negotiating and working with local management or government officials as conferring with the management of a multinational client or an international bank.

Our client **Warner Lambert**, speaking to journalists: "CET's management is totally focused. They get you into Central and Eastern Europe. They do nothing else."

The result is a track record of success for our clients which the competition cannot match.

'CET is the firm to call when you want to do business in Central Europe.'

Forbes Magazine

The piano works of the Russian composer Scriabin, a CET-sponsored recording on 8 compact discs.



CET, AN AWARD-WINNING SPONSOR OF ARTS, CHARITIES AND THE ENVIRONMENT IN CENTRAL EUROPE, BELIEVES THAT INVOLVEMENT IN THE BROADER COMMUNITY IS ONE OF THE HALLMARKS OF A FIRM'S QUALITY.

BELGRADE

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BUCHAREST

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BUDAPEST

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WARSAW

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