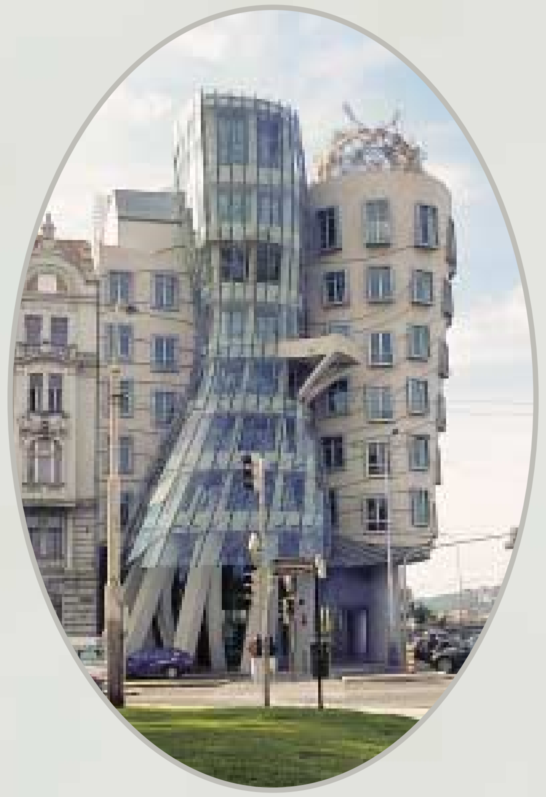

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ODIEN

An Investment and Advisory Firm for Emerging Europe

- **Revitalization for 250 million Czech crowns**

“The Revitalization Agency saved a sea of money for the state. New money was not indiscriminately pumped into companies, none of the revitalized companies ended up in bankruptcy which would have cost the government big financial losses. ....that would have meant great losses....”

Mladá fronta DNES, 6.2.2001

- “...[Czech] enterprise restructuring has gained momentum...”

European Commission regular report on the Czech Republic’s progress towards accession, October, 2000

- “The government programme to revitalise troubled Czech industrial companies saw its first important sale to a foreign investor. Tajmac (Italy) was chosen in a tender in May to acquire ZPS...”

The Economist Intelligence Unit, Business Operation Report Czech Republic 3rd quarter 2000

- “We are encouraged by the success of the Revitalization Agency in achieving its first corporate restructuring results. Its selective and market-driven approach has proven successful...”

IMF Concluding Statement, October 30, 2000

- “...changing KoB’s legal status from a bank to a work-out institution...is encouraged by the work of the Revitalization Agency. ...the Revitalization Agency is well-equipped to design viable restructuring plans for the affected enterprises.”

IMF Concluding Statement, May 9, 2000

- “The Revitalization Agency seems to be operating fairly well, in the sense that it has been fulfilling its mandate apparently insulated from political pressure. It would be possible to replicate the RA model to restructure an additional number of large companies.”

World Bank, October 2000

- “With the gradual implementation of the Revitalization Agency plan to save Zetor, life is coming back to the factory after a 19 month shutdown. The first serially produced tractors are rolling off the production lines and are being prepared for shipment to mainly foreign customers. ...We have been receiving more and more orders,” said Vratislav Goj, Zetor CEO.

Hospodářské noviny, November 3-5, 2000

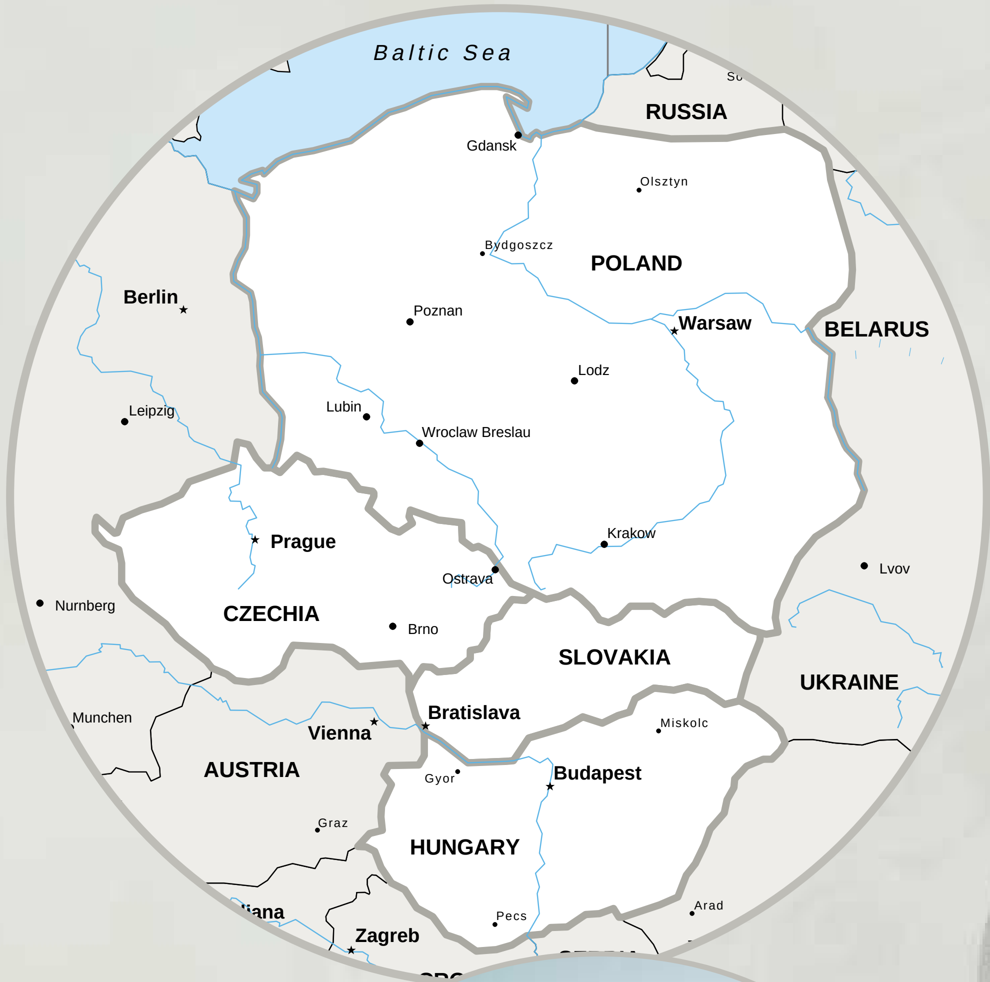
- “...the Revitalization Agency has done a great deal of work. It has managed to stabilize production at Vitkovice, where production currently earns impressive 100 million a month.”

Euro 41, October 9, 2000

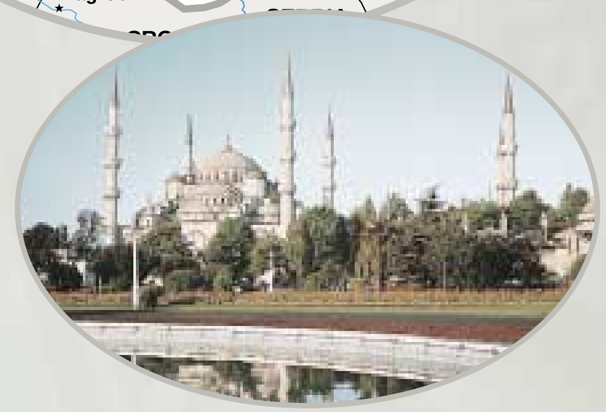
Mission:

Odien’s mission is to be a leading locally based provider of asset management and financial advisory services in Emerging Europe. We endeavor to achieve the highest legal and ethical standards, while striving to help our clients and investors meet their financial objectives in the developing markets of Emerging Europe. The firm’s success is grounded in our ability to blend a western approach to transaction analysis and client service with an acute sensitivity to the particularities of the regional markets in which we operate.

The firm’s team of 16 employees operates from our headquarters in the center of Prague, but is capable of executing and advising on transactions throughout the region.



Odien plans to open its second office in Istanbul in 2001



History:

Odien was formed in February 2001 as the successor to the successful joint venture of Lazard Freres & Co. and Latona Associates of Europe, which was retained in late 1999 to manage a state-sponsored industrial restructuring program in the Czech Republic. Today, in addition to continuing with the Czech government's mandate to restructure several of the original companies from the Czech revitalization program, Odien also provides corporate financial advisory and investment banking services to the private sector and manages as well as deploys its own capital resources in situations where the firm's operating and turnaround experience can create value for the company and its clients.

Emerging Europe

Year 2000	Population	GDP (current prices)	GDP growth (year-on-year)	Foreign Direct Investment (FDI)	Industrial Production Growth	Imports	Exports
Czech Republic	10.5 mln	$49.1 bn	+3.1 %	$4.6 bn	+5 %	$30.93 bn	$28.8 bn
Poland	38.9 mln	$156.3 bn	+5 %	$10.6 bn	+6.8 %	$49 bn	$32 bn
Hungary	10.2 mln	$45.2 bn	+5.2 %	$2.07 bn	+18.3 %	$32.08 bn	$28.1 bn
Slovakia	5.4 mln	$19.1 bn	+2.2 %	$1.91 bn	+8.9 %	$12.3 bn	$11.43 bn
Turkey	65 mln	$210 bn	+7.2 %	$3.06 bn	+5.6 %	$54 bn	$24.5 bn
Regional	**129 mln**	**$479.7 bn**	**+4.5 % ∗**	**$22.2 bn**	**+8.9 % ∗**	**$178.3 bn**	**$124.8 bn**

Source: CzechInvest, PAIZ (Poland), MESA 10 (Slovakia), Hungarian Statistics Office, Istanbul ChamberŁ of Commerce and IMF

∗ Regional average

Central Europe is a dynamic region in which to do business

- *A strategic location within a strong, major international market.*
- *A bridgehead position in the middle of New Europe, on the crossroads between the European Union and Eastern Europe.*
- *A very productive, young, educated and skilled labour force.*
- *Professional and equal treatment of your investment project in line with OECD regulations. The region is committed to the principles of free trade and an open market economy.*
- *Incentives to encourage new investment.*
- *A steady move towards integration with Western economic and political structures. Central European countries enjoy first-wave status for accession into the EU. The historic Nice Summit of February 2001 reached an accord that envisions entry of these countries by 2004.*
- *Acceding to the NATO alliance in 1999 the Czech Republic, Hungary and Poland have already defined their participation in western structures.*

Professionals:

The firm's team of western and local professionals has a substantial track record in the region of successfully executing transactions, managing investments and realizing value from under performing assets. Odien professionals strive to capitalize on this experience to create long-term value for its clients by seeking out, realizing and advising on investment opportunities arising from the region's transition from command to market-based economies.

Michael S. Saran - *Managing Director*

Mr. Saran is also a Managing Director of Latona Associates of Europe, which, for a period 14 months in 1999 and 2000, together with Lazard Freres & Co. was responsible for managing the Czech Revitalization Agency, a government mandated and owned vehicle to restructure and privatize major insolvent industrial enterprises. Prior to joining Latona in 1998, Mr. Saran worked for Smedvig Capital, a private equity group based in London. He began his career with McKinsey & Company in 1991. From 1992 to 1995, Mr. Saran was a management consultant with the German practice of Coopers & Lybrand, working almost exclusively in Central & Eastern Europe and the former Soviet Union. He participated in a number of projects involving privatization, restructuring, industrial policy advice, and training. Mr. Saran left Coopers & Lybrand to pursue his graduate degree. He graduated from Stanford University with a B.A. degree in Economics and International Relations and holds an M.B.A. from Harvard Business School.

R. Brian Wilson - *Managing Director*

Prior to the formation of Odien, Mr. Wilson served as a Vice President of Latona Associates of Europe in Prague where he devoted most of his time to restructuring Czech enterprises for the Czech Revitalization Agency, leading the restructurings of Zetor a.s. and Vítkovice a.s.. Prior to coming to the Czech Republic, Mr. Wilson spent three years as a trader at Salomon Brothers in the Mortgage-Backed Securities Trading Department. Mr. Wilson also has four years experience with HypoVereinsbank in their Corporate Finance Group focusing on mergers and acquisitions in Central and Eastern Europe, focusing on Poland, Hungary and Czech Republic. He is American in origin and fluent in German. Mr. Wilson has a Bachelor of Arts in Business Economics, summa cum laude, from the University of California, Los Angeles and received an M.B.A. with honors from Harvard Business School.

Stanislav Pavel - *Vice President*

Prior to the formation of Odien, Mr. Pavel served as a Vice President of Latona Associates of Europe in Prague where he devoted most of his time to restructuring Czech enterprises for the Czech Revitalization Agency, leading the restructuring of Tatra a.s. Prior to this, he worked as the Managing Director of Česká Finanční, establishing the work-out organization formerly owned by the Czech National Bank. Mr. Pavel is a native Czech, fluent in English. He graduated from the Czech Technical University in Prague, and he received an M.B.A. from the Prague International Business School, which is accredited by Manchester Metropolitan University.

Mark K. Sanders - *Vice President*

Mr. Sanders has worked in Central and Eastern Europe for over eight years. Prior to joining Odien, he worked in the Specialized Finance group of Erste Bank, where he structured acquisition finance transactions and made private equity investments for Erste Private Equity Ltd, the bank's in-house private equity fund. From 1996 to 1998 Mr. Sanders was Managing Director of Wood & Company Funds, the asset management business of a regional investment house, where he managed over $40 mil. in regional investment funds, concentrating on Poland, the Czech Republic and Hungary. Mr. Sanders has a Bachelor of Arts in Economics and Philosophy from Haverford College and a Masters in Business Administration from the Graduate School of Business at Stanford University.

Ellis S. Ward - *Vice President*

Mr. Ward previously worked in Europe for several years for an international investment firm that invests primarily with external managers (both public and private equity), and where he served on the Investment Committee. Prior to that he worked as an Associate at Weymouth and Associates, an investment firm which managed a private equity portfolio for a major Pennsylvania state pension fund. He also was engaged in the practice of business law for three years and worked in industry in both treasury and export management roles. Mr. Ward graduated from Dartmouth College, received an MBA degree from its Amos Tuck School and received a JD degree from the Temple University School of Law.

Jana Hrstková - *Vice President and General Counsel*

Prior to joining Odien Ms. Hrstková spent six years as a senior associate at the Prague offices of Hogan & Hartson where she devoted most of her time to corporate, commercial and regulatory matters. She has been involved in a number of international business transactions providing legal assistance to foreign investors in the Czech Republic and Slovakia. Since 1996 Ms. Hrstková also has taught courses on contracts and torts as a visiting lecturer at Charles University Law School since 1996. Since September 2000 she has been acting as secretary of the Information Technologies Law Commission of the Legislation Council of the Czech Government. Ms. Hrstková is a member of the Bar of the State of New York in the United States and also satisfied requirements for membership in the Czech Chamber of Advocates. She graduated from Charles University Law School in Prague where she received her Doctor of Laws (JUDr.) and Ph.D. degrees, and she also holds a Master of Laws (LL.M.) degree from Harvard Law School. A Czech national, she is also fluent in English and Russian.

Tomáš Lhoták - *Associate*

Previously, Mr. Lhoták worked for Komercní banka, a.s. as a group strategy specialist and participated on the key re-licensing project after establishment of the Czech Securities Commission. Prior to joining Odien, Mr. Lhotak worked as an advisor to the CEO of Konsolidacní banka Praha, s.p. on the Revitalization Program, and was actively involved in the restructuring of the largest industrial company in Czech Republic - Škoda, a.s. Mr. Lhoták graduated from the Prague School of Economics.

Tomáš Tatýrek - *Associate*

Prior to the formation of Odien, Mr. Tatýrek served as an Associate of Latona Associates of Europe in Prague focusing on private equity projects and restructuring enterprises for the Czech Revitalization Agency, including the truck producer Tatra a.s. Mr. Tatýrek was also responsible for the sale of ZPS, a.s., the biggest Czech machining centers producer. Mr. Tatýrek is native Czech, fluent in English. He previously worked for Pioneer Investment Company, focusing on research of Eastern European companies. Mr. Tatýrek graduated from the Prague School of Economics, where he received his Masters in Finance.

Alice Undusová - *Associate*

Ms. Undusová began working with her Odien colleagues at the Czech Revitalization Agency in May 2000 after her return from the UK. Prior to joining Odien, Ms. Undusová worked for seven years as a consultant at KPMG (5 years in the Prague office as a tax and legal specialist, then in the Dublin and London offices where she was part of the financial services teams). Ms. Undusová, a lawyer, graduated from the Law Faculty of Charles University in Prague. She is of Czech origin and speaks fluent English and Russian.

Daniel Zach - *Associate*

Mr. Zach recently received a Master of Science in Finance degree from the Carroll School of Management at Boston College. He also graduated Magna Cum Laude from Gonzaga University with a Bachelor of Business Administration degree. Mr. Zach is a native Czech and speaks fluent Czech and English.

Management of Revitalization Agency

In 1999 the Czech Government launched a revitalization program to support the restructuring of several struggling and highly indebted manufacturing firms. A Czech government negotiating team, which included representatives of the US Treasury and the European Bank for Reconstruction and Development, selected Odien's founders Lazard Freres & Co. and Latona Associates of Europe, primarily on the basis of restructuring expertise and experience, to manage the Revitalization Agency, a subsidiary of the state-owned Konsolidační Banka ("KoB"). The aim of outsourcing the management of the Agency was to ensure professionalism, transparency, credibility and independent decision-making free from political interference.

The companies initially selected for the revitalization program were Vítkovice, Škoda, ZPS Zlín, Aliachem, Zetor, Tatra, Spolana and CKD Holding—firms of substantial size and importance to the local economy.

Revitalization Agency

In 1999, the eight original companies in the revitalization program ran a cumulative loss of CZK 23 billion on revenues of CZK 55 billion. Their total liabilities were CZK 73 billion – against total net equity of CZK 7 billion.

ZPS Zlin, a bankrupt manufacturer of machine tools, was withdrawn from the revitalization program at the behest of the trustee of the company's estate after going into bankruptcy, and the Latona/Lazard consortium was then engaged directly by the trustee to sell the company's assets. The sale represented the Czech Republic's first successful large bankruptcy sale, achieving one of the highest recovery rates ever for creditors in the country. The sale was concluded within six months of Latona/Lazard's engagement.

The value of Škoda Holding has increased significantly since it went into the revitalization program. The first stage of Škoda Holding's restructuring was completed in April 2000, with the capitalization of CZK 2.2 billion of KoB debt. Škoda's operating businesses were successfully ring-fenced to prevent liquidation in the event of the original holding company's bankruptcy.

The government approved a Revitalization Agency proposal to allow KoB to take control of the operating businesses of Škoda Holding – this should in due course lead to the successful sale of various Škoda Holding units to investors.

Tatra has been stabilized through a debt-equity swap executed in record time following the Revitalization Agency's financial restructuring plan. Sales have increased by approximately 70% year-on-year. The company now runs an operational profit. Total liabilities have been reduced by approximately two-thirds, and Tatra once again has positive net equity. Odien is currently managing the sale of the company.

Profitable production has resumed at Zetor after the extension of a CZK 700 million working capital facility from KoB on commercial terms. Through the restructuring vehicle, Revitalizační Traktor, Odien personnel have contracted the working capital cycle as well as restructured supply and distribution channels. The result is that Zetor is now making an operating profit. Additionally, its liabilities have been reduced from more than CZK 4.5 billion to CZK 1.3 billion, and its bank loans have been cut from some CZK 3.5 billion to less than CZK 250 million, due to the financial restructuring plan executed by Odien. Several international investors have expressed interest in Zetor. Odien is currently managing an organized sales process for the company.

Vítkovice, the country's largest steel manufacturer was saved from almost certain bankruptcy. Prior to Revitalization Agency's involvement, Vítkovice was losing CZK 50 million a week. The company's net equity has since nearly tripled, its revenues have increased by some 50% year-on-year, and liabilities have been slashed by CZK 4.2 billion. The company's creditors recently voted to support an out of court restructuring scheme designed by the Agency.

Hutní Montáže Ostrava is a recent entry into Odien's portfolio of mandates. Hutní Montáže is a leading fabricator of steel structures catering to customers in both Western and Eastern Europe. Odien recently completed a restructuring plan for the company, which will include capitalization of the largest creditor's claims, entry of new project financing capital to support the company's backlog of orders, and ultimately a sale process for the state-held portion of the company's equity.

In summary, Odien's team, through their actions at the Revitalization Agency, saved the Czech government and taxpayers billions of korunas. As a result of programs introduced at the Agency's portfolio companies, strategic Czech industries were protected, the Country's balance of payments improved (through exports), and the employment of tens of thousands of people, who might otherwise have had to seek social security support from the government, was safeguarded.

Other Mandates

Odien has been engaged by a large German industrial holding entity to rationalize and restructure its lines of business in order to create higher value for its portfolio of businesses. This includes devising an overall strategy and mission for the holding company and divesting a number of its businesses, including a portable electric generator manufacturer and a printed circuit board facility. Ultimately, the entity will be prepared for a potential initial public offering of its shares.

Odien's primary competitive advantage is its ability to create value in companies, either as an investor or as an advisor, through a rigorous process of restructuring which is applicable in whole or in part in most projects. While it is not a purely rigid process, it is performed meticulously so that Odien is able to realize the optimum potential value enhancements in each company for the client or investor.

The restructuring methodology generally follows a path of gaining control over the corporate governing bodies, achieving financial stability, restructuring working capital management and processes and ultimately operational restructuring and fixed cost reduction. Odien uses the framework of the balance sheet as a guide through restructuring.

Working Capital Restructuring	Financial Restructuring
Operational Restructuring	Control of Governing Bodies

Starting with the right side of the balance sheet, the first objective is to gain effective control over the company. Most CEE countries utilize a German-style corporate governance structure, which requires obtaining full equity control in a company in order to control the Supervisory Board. Once this is achieved, members of the Board of Directors can be replaced and restructuring of the left side can be properly supervised and inherent enterprise risks minimized. Odien always places at least one of its professionals on each of the Supervisory Board and Board of Directors to properly control the restructuring process.

Once equity control is established, it is usually necessary to stabilize the company's balance sheet through some form of financial restructuring plan. This is generally a renegotiation, either court-led or out of court, which satisfies most if not all of the claimants to the target company. Specific methods of restructuring are:

- *Debt for equity swaps*
- *Court-led composition process*
- *Out of court debt restructuring*
- *Standstill agreements*

All the above require obtaining agreement on the financial restructuring from both trade and bank creditors. Additionally, this is typically executed in conjunction with a change of control transaction, where consensus is established with creditors prior to taking control. Furthermore, in bankruptcy governing bodies often lose effective control of the entity and are generally replaced by a court-appointed trustee or administrator.

After gaining control and stabilizing the company's financial condition, working capital restructuring begins. This is typically where much of the mismanagement, intentional or unintentional, has occurred, and it is here where much of the value-enhancement can be implemented. In Odien's experience many problems associated with distressed CEE companies come from a lack of shareholder supervision over working capital expenditures and receipts. As a shareholder, however, it is necessary to implement stringent control mechanisms over working capital flows, thereby creating effective cash management. A company's improved financial condition will usually also enable it to negotiate improved terms and conditions with suppliers and distributors.

In parallel with working capital restructuring measures, operational restructuring is implemented as well. The overriding goals of reducing fixed costs, lowering throughput times, and increasing overall flexibility of manufacturing processes drive operational restructuring measures. Typical operational restructuring measures are:

- *Contraction of production processes*
- *Disposal of upstream and downstream subsidiaries*
- *Reconfiguration of production methods*
- *Contraction of product line*
- *Increased use of outsourcing*

It should be noted that these measures are usually taken under the supervision of external consultants familiar with the industry within which the company operates. Additionally, if a restructuring is done in tandem with the sale of the company, measures requiring high capital investments are typically left for execution after the sale.

Czech Tractor Producer ZETOR, a.s.

As manager of the Czech Revitalization Agency ("RA"), Odien professionals (under contract with Lazard Freres and Latona Associates of Europe) were mandated to execute a restructuring and final sale of Zetor, a.s. Zetor is considered a world-renowned producer of agricultural machinery, tractors, and high-durability engines. However, the financial performance of the company had historically been substandard. Specifically, leverage was measured at 100% due to negative cumulative losses and the company had lost over USD 85 million from 1998 through 2000.

The company was controlled by the Czech Government through Konsolidační banka ("KoB") and by its largest distributor which controlled over 50% of the company's markets. Deterioration of financial condition was, amongst other things, attributed largely to irrational pricing of finished goods. The lack of an arms-length relationship between management and the distributor led to faulty pricing practices that had resulted in many orders being made at prices that were well-below Zetor's cost base. Additionally, some affiliates of the distributor enjoyed over three-year payment terms. In essence, profit-shifting was being made from Zetor to its owner/distributor, and the distributor was using Zetor's asset base as a source of financing for the distributor's operations.

In early 1999, the company's operations were shut down. This was the result of a confluence of factors, but mostly due to poor purchasing management combined with excessive cash losses.

The KoB debt and equity position in Zetor (approximately 50%) was placed into the hands of the RA in early 2000. Over the course of the next twelve months, Odien personnel executed the following measures:

1. Purchased the equity position from the distributor to give the KoB approximately 97% equity interest in Zetor;

2. Established a special purpose vehicle, Revitalizační Traktor, s.r.o., in order to:
- *a.* warehouse the equity acquired from the distributor on behalf of KoB;
- *b.* "ringfence" or separate a new working capital facility of CZK 700 million for Zetor;
- *c.* allow Odien personnel to control cash inflows and outflows from Zetor in order to restructure working capital management and impose financial austerity over Zetor's operations;

3. Initiated a court-led settlement of claims through composition to stabilize the capital structure of the company;

4. Increased payment terms, decreased batch sizes, and decreased purchase order lead-times in order to rationalize supplier channel inefficiencies;

5. Restructured the distribution channels through a series of price increases and replacement of hostile distributors;

6. Restructured receivables by imposing a requirement of cash at delivery or provision of letters of credit on distributors;

7. Reconfigured the production process to a demand-led structure in place of the previous "one-year production plan" method organizing production sequencing which led to a restart of production in late October of 2000;

8. Executed the sale of some non-core assets.

Results:

- Since acquiring control of the company in August of 2000, the company turned a monthly operating profit for the month of December 2000 of CZK 2.5 million, which represented the first monthly operating profit in over three years. Zetor also posted a positive operating profit for the first half of 2001;
- Value increase in the company estimated to be a liquidation value in early 2000 of under USD10 million to over USD20 million in early 2001;
- Odien now running a sale process of Zetor which will have a field of three strategic investors.

Zetor is only one example of value creation using the previously-described restructuring methodology. It is the opinion of Odien management that the CEE region possesses a great number of situations such as Zetor which could provide significant opportunity for value creation through hands-on restructuring and tight control of risks inherent in turn-around situations.