



SPECIAL SITUATIONS ADVISORY GROUP

The Lender Perspective

FINANCIAL ADVISORY SERVICES

KPMG's Special Situations Advisory Group comprises a national team drawn from senior personnel of Financial Advisory practice. This Special Situation Advisory Group is dedicated to assisting our clients in Slovakia to manage and ultimately take advantage of the global financial downturn and its impact on Slovak businesses. The Group provides an integrated suite of advisory services for companies experiencing financial stress as well as to stakeholders seeking to preserve and maximize value.

Why has KPMG established such a specialized group?

The current economic climate is difficult and uncertain for the business world. Companies across a wide range of sectors are being affected by the economic downturn either through the loss of major customer contracts, volatility in raw material and energy costs, or a combination of these and other external economic trends.

It has been well publicised that financial institutions are bearing much of the impact of this economic downturn.

Their clients are suffering less cash flows available to fund debt service obligations of their clients. Collateral values have also decreased as market prices have slumped. This has put a great strain on loan portfolios pushing up default rates.

In response to these very specific market conditions, KPMG has developed its Special Situations Advisory Group. The purpose of this Group is to assist stakeholders to find the best strategy to navigating through these turbulent times and preserving the highest values possible. Our overriding objective is to help ensure our clients are receiving the best advice possible from the most experienced personnel that KPMG has to offer.

What are the challenges facing financial institutions?

We have had numerous interviews and meetings with representatives from different financial institutions both in Slovakia and abroad. The bottom line from these discussions has been that

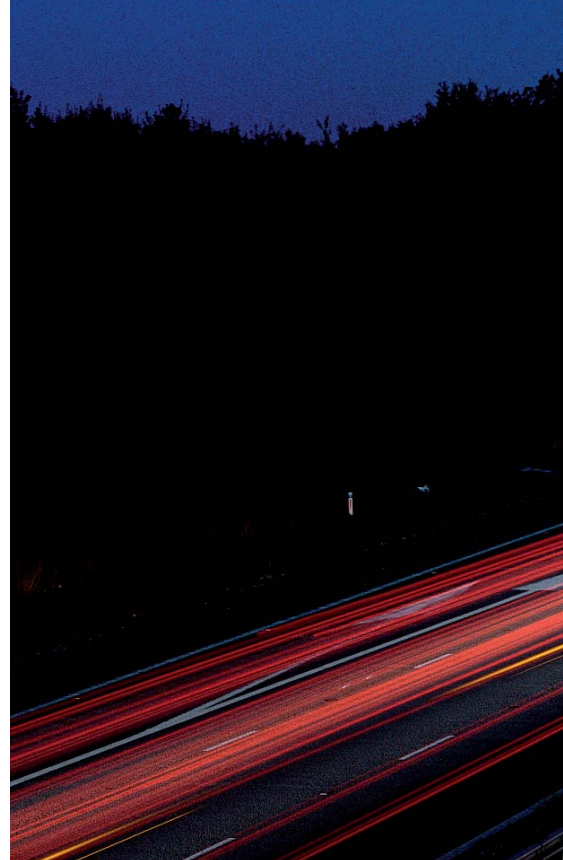
every manager in a credit providing capacity would like to know the answers to the following questions:

- *Will my debtors be able to repay their outstanding debt balances?*
- *Is the information provided by my debtors (e.g. regular reports informing about the status of various covenants) credible?*
- *Is there anything that can be done to improve the cash situation of my debtors in order to avoid foreclosure or liquidation proceedings and save on underlying viable business?*
- *Are my debtors being completely up front with me as to their real cash situation? How can I know for sure?*
- *Is there a possibility that an investor could be found who would be interested in acquiring/investing in a debtor under stress?*

The KPMG's Special Situations Group can help you find answers to all of the above questions.

Whether it is in the form of M&A activity, debt restructuring, or by way of credible financial reporting and analysis – our Special Situations Advisory Group aims to help find the most value preserving and maximizing solution in every specific case.

We are experienced in diagnosing and executing appropriate strategies for a range of situations.



What value can KPMG provide?

We are experienced in diagnosing and executing appropriate strategies for a range of situations. Special situation transactions are typically complex, time-sensitive initiatives which involve companies that may be experiencing a liquidity squeeze and value erosion.

The successful execution of a transaction for a company experiencing stress requires highly specialised experience and knowledge of both Corporate Finance and Restructuring as well as the ability to think creatively and negotiate effectively, sometimes in a difficult environment.

The transaction process is often compressed into an accelerated timeframe that provides little room for error.

The early involvement of KPMG's Special Situations Group can assist you to develop a proportionate response in the following ways:

A) "As-is" financial analysis

We can provide a credible analysis of the historical position and performance of your debtor as well as assess the feasibility of assumptions underlying forecasts and projections. Our output will give you a clear view as to the current "as-is" situation of the debtor as well as any clear gaps in future forecasted performance and cash flows – information that can be extremely valuable, yet is rather rare to find.

B) Improvement in financial reporting processes

A common issue for many debtors is their ability to obtain accurate timely information to assess the state of their cash flows and historical performance in order to make informed management decisions. We can analyse the gaps in a company's financial reporting process, make practical recommendations to rectify such issues and play an active part in their implementation.

C) Cash flow improvement

We focus on the cash conversion cycle and assess the debtor's working capital position in order to gain quick, yet lasting wins for the underlying business. We work with the debtor's management in order to achieve a full implementation of our recommendations.

D) Lender advisory

We provide an independent business review of a debtor whereby we present an independent and impartial view as to a debtor's ability to meet its cash flow obligations in the short-term and also provide recommendations from a lender's perspective as to what steps may be taken to secure the recovery of balances due.

E) Turnaround planning and implementation

Once a debtor is identified as being under considerable stress, we can assist you as the lender together with the company's management to agree on a decisive strategic, operational and financial plan and monitor its performance on your behalf without having to enter into a formal restructuring or insolvency process. The benefit of this approach is that the lender and its debtor can work together to satisfy their mutual aims and objectives by focusing on the underlying business as a going concern.



F) M&A, distressed M&A and strategic insolvency assistance

We assist the debtor in obtaining additional capital through an investor, either in return for equity or other rights so that the debtor can continue as a going concern and can also settle its obligations to its lenders. We are

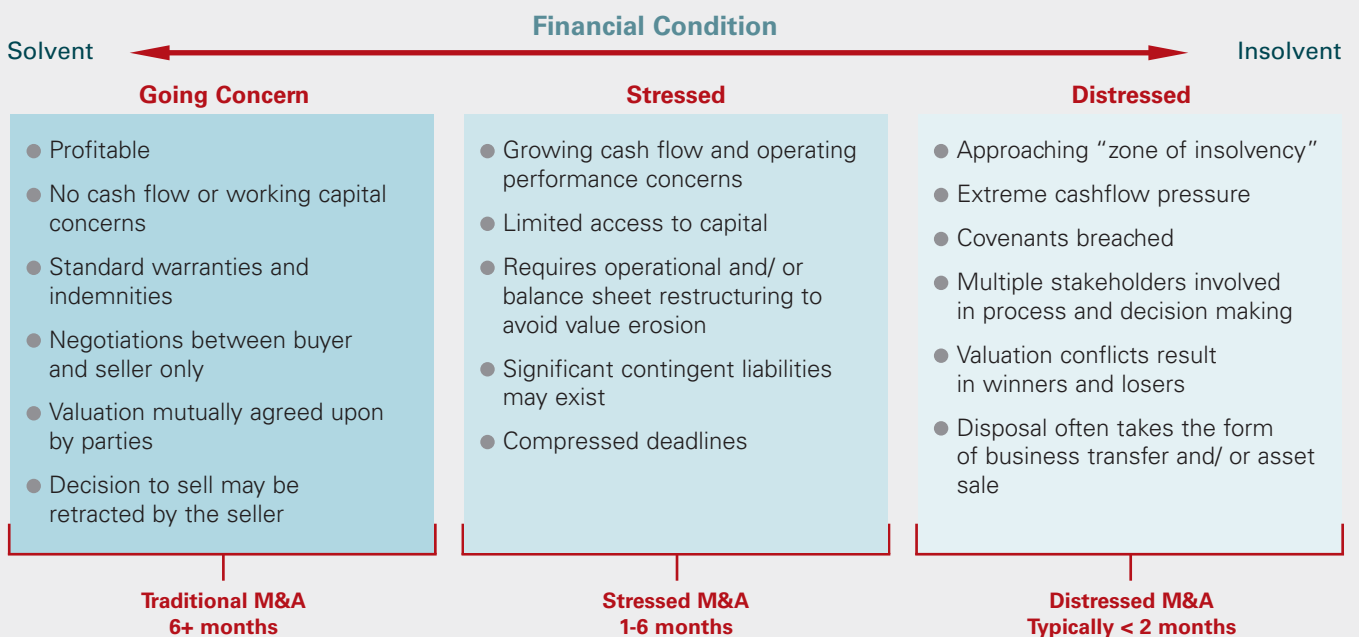
also prepared to work within the formal insolvency framework in Slovakia to help achieve the highest possible return for all stakeholders.

G) Forensic assessments

Should forensic procedures be required to monitor or assess the nature of

financial transactions in a given debtor, we would apply our sophisticated forensic techniques to assess the actual economic substance of a given transaction or transactions as well as provide evidence to yourselves for any future action you may wish to undertake.

Healthy and stressed M&A are distinct processes. Successfully navigating and executing a stressed transaction requires a special advisor.





Why KPMG?

Extensive experience of performing sensitive and high-profile advisory engagements

KPMG has a dedicated Slovak-based advisory team that has completed numerous sensitive and high-profile advisory engagements within a wide variety of sectors. As a result we have the know-how, resources and credibility to help ensure the fulfilment of your objectives. Our advice is solution driven.

Local knowledge

Your advisory team will consist of professionals with the required

experience, knowledge and understanding of local sectors, trends and the issues they are currently facing.

KPMG network and direct lines to potential investors

We are a member of an extensive network based in every CEE and western European country as well as further abroad which we are well-used to leveraging for the benefit of foreign investors coming into the country or for Slovak stakeholders looking to exit. This network is also invaluable for benchmarking local business and

sector specific trends with the developments outside of Slovakia to provide insight into expected market developments.

Integrity and professionalism

KPMG has an undisputed reputation for integrity and professionalism.

Commitment to you

Our Special Situations Advisory Group is committed to adding value to you and assisting you in achieving your objectives.

CONTACTS

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