
CFO toolbox – equity solutions in current market conditions

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UniCredit – Market leader in ECM CEE

Leadership in core European markets

Top 10 Bookrunners in core European markets

No.1 in European equity offerings (2004-2009YTD) – value/number of deals

| No. | Bookrunner ¹ | Value (EUR mn) | Deals (#) | Share (%) |
|-----|-------------------------|----------------|------------|-------------|
| 1 | UniCredit | 19,432 | 194 | 18.0 |
| 2 | Morgan Stanley | 12,175 | 25 | 11.3 |
| 3 | Deutsche Bank | 10,285 | 30 | 9.6 |
| 4 | Mediobanca | 10,218 | 13 | 9.5 |
| 5 | JPMorgan | 9,798 | 19 | 9.1 |
| 6 | Goldman Sachs | 5,300 | 13 | 4.9 |
| 7 | Credit Suisse | 4,901 | 20 | 4.6 |
| 8 | Intesa Sanpaolo | 4,766 | 18 | 4.4 |
| 9 | Commerzbank | 4,681 | 16 | 4.4 |
| 10 | BAML | 4,418 | 20 | 4.1 |

Top 10 Bookrunners in Emerging European markets

No.1 in Emerging European equity offerings (2004-2009YTD) – number of deals

| No. | Bookrunner ² | Value (EUR mn) | Deals (#) | Share (%) |
|-----|-------------------------|----------------|-----------|------------|
| 1 | UniCredit | 5,320 | 93 | 4.7 |
| 2 | IDM SA | 731 | 54 | 0.7 |
| 3 | Deutsche Bank | 9,616 | 43 | 8.9 |
| 4 | ING | 3,165 | 41 | 2.9 |
| 5 | Credit Suisse | 12,431 | 36 | 11.5 |
| 6 | RenCap | 5,916 | 35 | 5.5 |
| 7 | PKO BP | 809 | 34 | 0.8 |
| 8 | Morgan Stanley | 9,619 | 33 | 8.9 |
| 9 | Allied Irish Banks | 774 | 31 | 0.7 |
| 10 | Commerzbank | 3,142 | 27 | 2.9 |

Selected recent transactions in Emerging Europe

**MNV/
Gedeon Richter**



EUR 833,300,000
Exchangeable Bond

Joint Bookrunner
Hungary, 2009

**Central European
Distribution Corp.**



EUR 154,700,000
Capital Increase &
Secondary Placement

Joint Bookrunner
Poland, 2009

Bioton SA



EUR 58,000,000
Capital Increase

Sole Bookrunner
Poland, 2009

Chimimport AD



EUR 102,300,000
Mandatory Convertible
Preferred

Sole Bookrunner
Bulgaria, 2009

Chimimport AD



EUR 65,000,000
Indirect Convertible
Bond

Sole Bookrunner
Bulgaria, 2008


Trakcja Polska SA



EUR 44,700,000
IPO

Sole Bookrunner
Poland, 2008

Cyfrowy Polsat SA



EUR 247,100,000
IPO

Joint Bookrunner
Poland, 2008

Sava Re Ltd



EUR 196,300,000
IPO

Sole Bookrunner
Slovenia, 2008

Asseco Slovakia as



EUR 31,800,000
Capital Increase

Sole Bookrunner
Slovak Republic, 2008

Source: Dealogic apportioned as at 5 October 2009

Notes: 1. All transaction involving UniCredit as Bookrunner in core markets: Germany, Austria, Italy and CEE (incl. Russia and Kazakhstan), 1 January 2004 – 5 October 2009

2. All transaction involving UniCredit as Bookrunner in Emerging Europe – 5 October 2009

UniCredit equity-linked franchise

Ranked #6 bookrunner of EMEA Equity-linked issues

EMEA Equity-Linked League Table, 1 Jan – 30 Sep 2009, Bloomberg – USD mn

| Underwriter | Rank | Mkt Share(%) | Amount USD (mn) |
|-------------------------------|----------|--------------|-----------------|
| Morgan Stanley | 1 | 18.1 | 4,873 |
| BNP Paribas Group | 2 | 9.8 | 2,643 |
| Calyon | 3 | 9.7 | 2,605 |
| Societe Generale | 4 | 8.6 | 2,323 |
| Goldman Sachs & Co | 5 | 6.0 | 1,623 |
| UniCredit Group | 6 | 4.0 | 1,073 |
| Deutsche Bank AG | 7 | 3.9 | 1,045 |
| Barclays Capital | 8 | 3.8 | 1,025 |
| HSBC | 9 | 3.6 | 963 |
| Mediobanca | 10 | 3.3 | 893 |
| Cyprus Investments | 11 | 3.2 | 854 |
| Citi | 12 | 2.9 | 784 |
| UBS | 13 | 2.7 | 717 |
| Banco Sabadell | 14 | 2.6 | 709 |
| Credit Suisse | 15 | 2.6 | 704 |
| RBS | 16 | 2.4 | 658 |
| ABG Sundal Collier Asa | 17 | 2.0 | 530 |
| JP Morgan | 18 | 1.9 | 522 |
| Bank of America Merrill Lynch | 19 | 1.7 | 445 |
| Zuercher Kantonalbank | 20 | 1.5 | 401 |

Transactions with UniCredit as bookrunner

| Year | Issuer | Nationality | Issue Size |
|------|----------------------|-------------|---------------|
| 2009 | TUI Travel | UK | GBP 350 mn |
| | Salzgitter | Germany | EUR 300 mn |
| | MNV / Gedeon Richter | Hungary | EUR 833 mn ** |
| | Chimimport | Bulgaria | EUR 102 mn ** |
| | UniCredit | Italy | EUR 2,983 mn |
| 2008 | Chimimport | Bulgaria | EUR 65 mn ** |
| | Nero (TUI) /TTP | Germ. / UK | EUR 450 mn |
| 2007 | conwert Immobilien | Austria | EUR 196 mn ** |
| | BMB Munai Inc | Kazakhstan | USD 60 mn ** |
| | TUI | Germany | EUR 694 mn |
| 2006 | Taseko Mines | Canada | USD 30 mn |
| | Cambrian Mining | UK | USD 27mn |
| | BB Medtech | Switzerland | CHF 150 mn |
| | Socotherm | Italy | EUR 50 mn |
| 2005 | BB Biotech | Switzerland | CHF 200 mn |
| | Kinko Optical | Taiwan | USD 40 mn |
| | Peter H. Mining | UK / Russia | USD 140 mn ** |
| 2004 | Jenoptik | Germany | EUR 62 mn |
| | Capitalia / Generali | Italy | EUR 1.06 bn |
| 2003 | BACA / Wienerb. | Austria | EUR 270 mn ** |
| | UniCredit / Generali | Italy | EUR 1.26 bn |
| | Banca Carige | Italy | EUR 102 mn |
| | Kontron | Germany | EUR 29 mn |
| | TUI | Germany | EUR 385 mn |
| | Tiscali | Italy | EUR 209 mn |
| | ABB | Switzerland | CHF 1 bn |
| | HVB / E.On | Germany | EUR 257 mn |
| | HVB / Lufthansa | Germany | EUR 127 mn |

TUI Travel Plc



GBP 350,000,000
Convertible Bond

Joint Bookrunner
UK / 2009

Salzgitter AG



EUR 296,450,000
Convertible Bond

Joint Bookrunner
Germany / 2009

MNV / Gedeon Richter



EUR 833,300,000
Exchangeable Bond

Joint Bookrunner
Hungary / 2009

Chimimport



EUR 102,000,000
Mandatory Convertible Preferred

Sole Bookrunner
Bulgaria / 2009

UniCredit Group



EUR 2,983,000,000
CASHES*

Joint Bookrunner
Italy / 2009

* Convertible And Subordinated Hybrid Equity-linked Securities

** Denotes CEE transactions

Agenda

- MARKET CONTEXT

 - EXTREME IPOING: TRAKCJA POLSKA CASE STUDY

 - FINANCING SOLUTIONS IN CHALLENGING MARKETS:
 - EQUITY SOLUTIONS

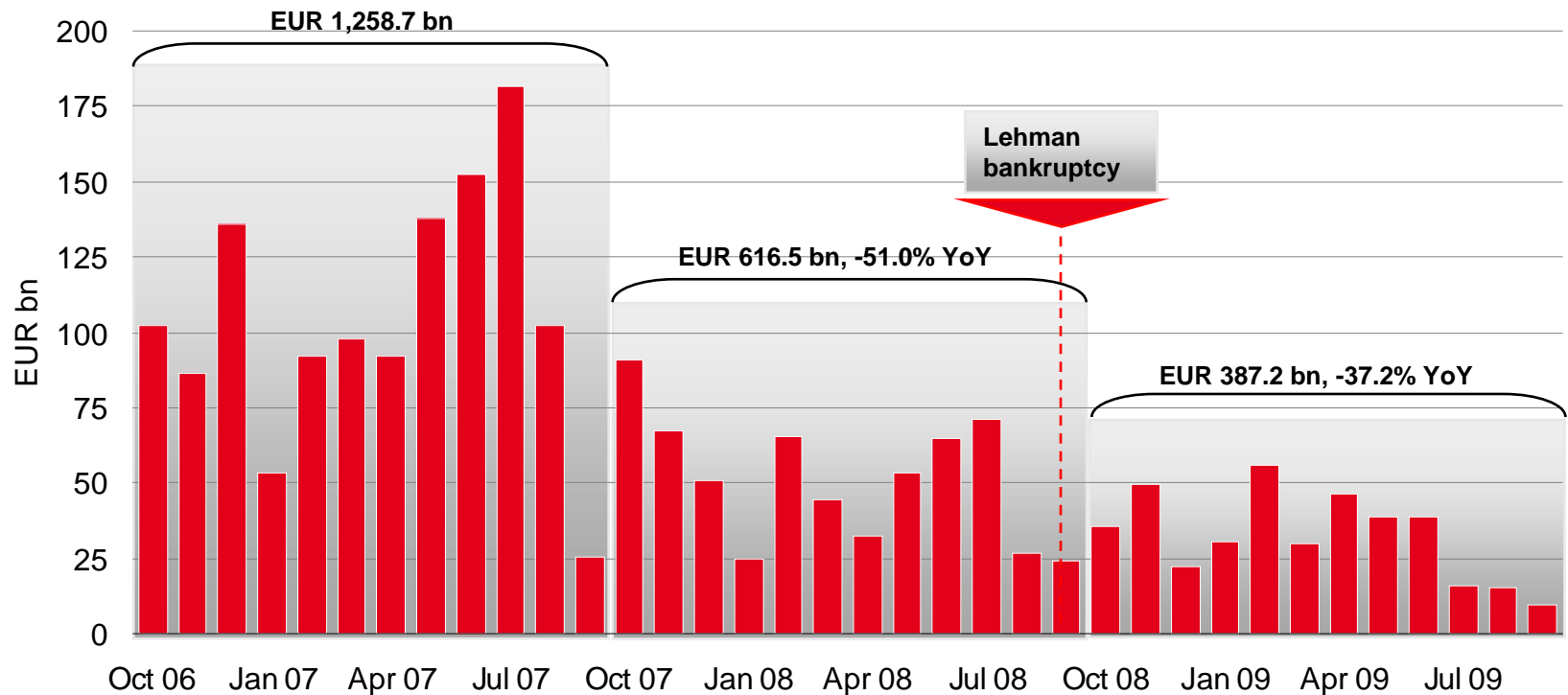
 - EQUITY-LINKED ALTERNATIVES
-

- MARKET CONTEXT

Bank lending slow to recover

- Despite recent more positive macro newsflow indicating the stimulus is getting into real economy and the worst may be over...
- ...banks remain focused on managing existing portfolios and are reluctant to take any new underwriting risk unless at very high fees and discounts
- European total loan volumes have been decreasing steadily over L3Y, by 51% and 37% on YoY basis respectively

Loans in Western Europe, monthly volumes, L3Y

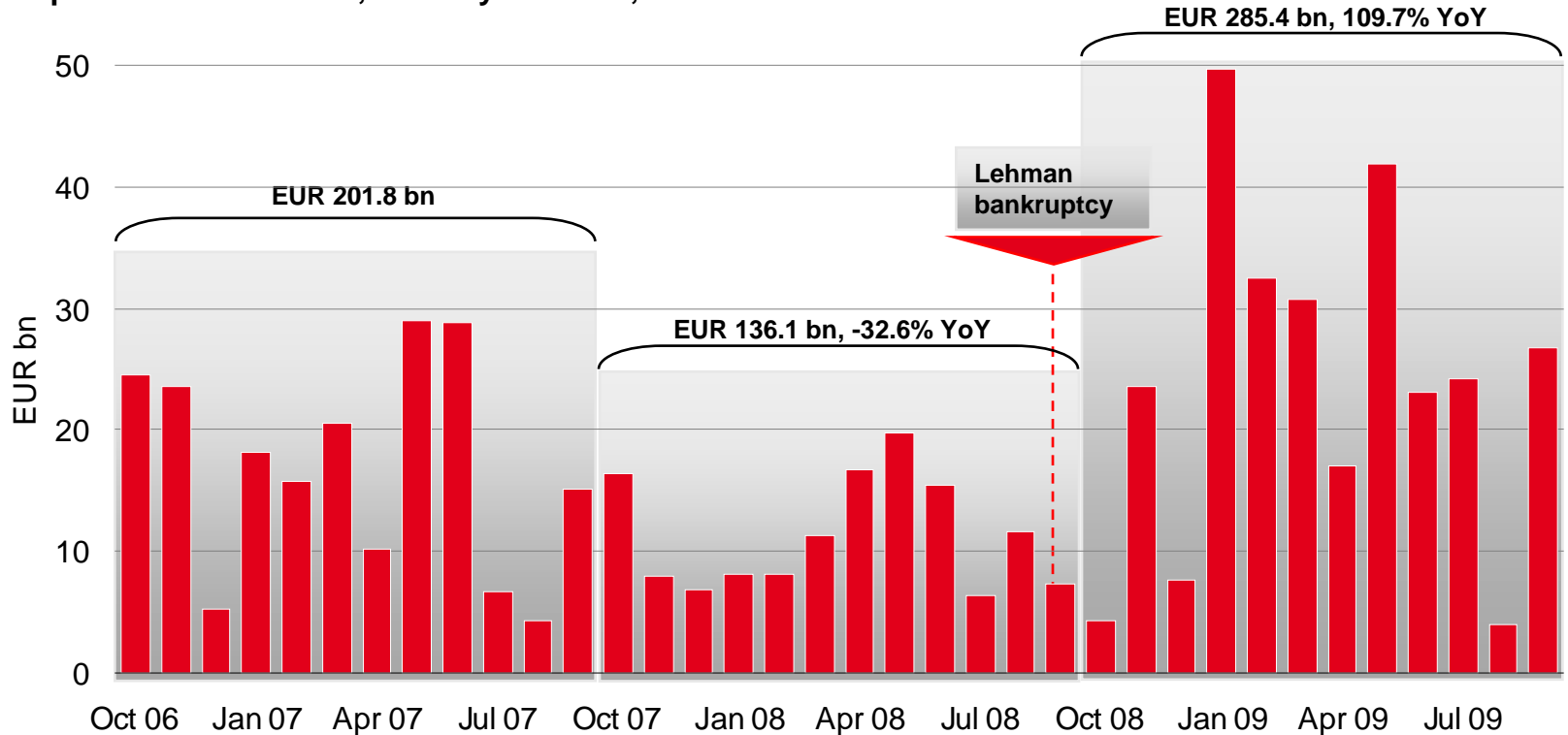


Source: Dealogic

Bond issuance at record volumes

- Slow recovery in bank lending supported corporate debt issuance as available alternative funding solution
- The corporate bond issuance volumes have been booming over the LTM with volumes increasing 110% YoY
- Investors were buying into corporate debt as large corporates offered extraordinarily high yield in order to obtain financing

Corporate bonds in EUR, monthly volumes, L3Y

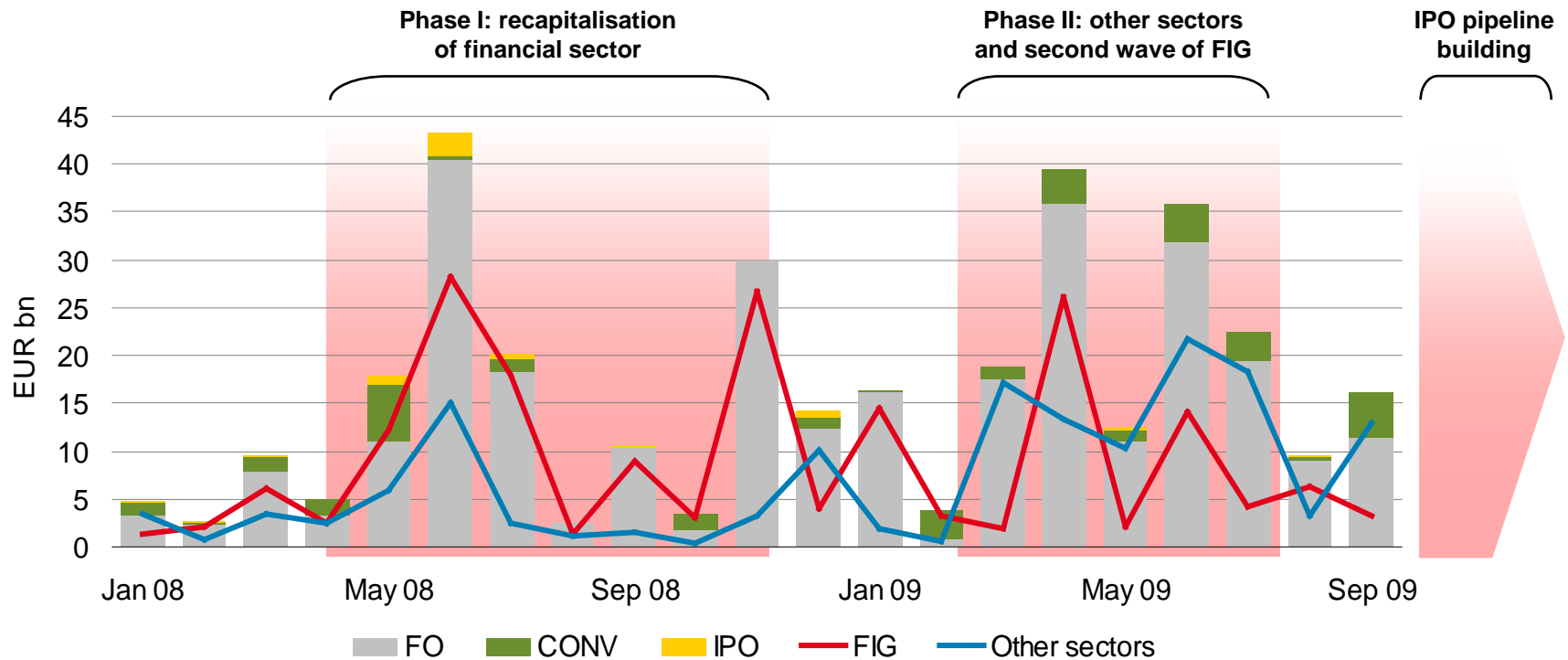


Source: Dealogic

Equity issuance also recovering strongly

- Strong increase in activity from 2008 continued in 1H2009 – deeply discounted capital increases have dominated the market
- Uptick in sentiment, since the end of Q1 with nearly every deal many times oversubscribed
- The IPO market has remained closed so far, but with the US and China reopening, the pipeline in Europe is also building

Western European equity capital markets issuance since 2008

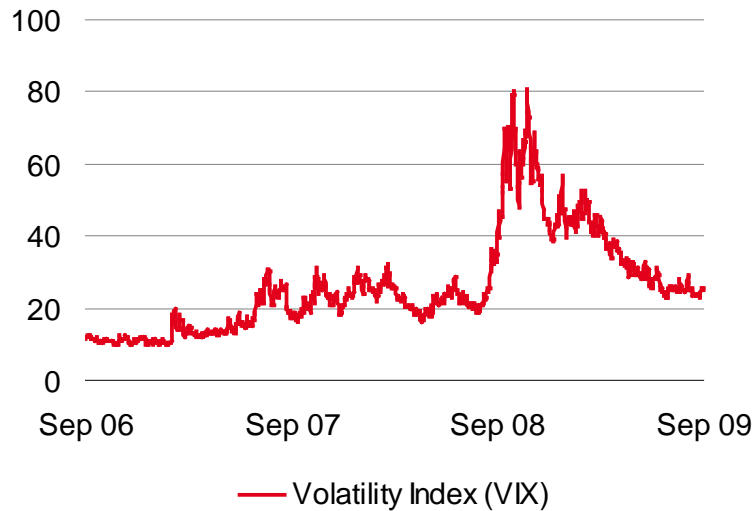


Source: Dealogic

It may not last as uncertainty is still present

- The equities have rallied YTD towards pre-crisis valuation levels, however the shape of the recovery (“V”, “U” and “W”) and its pace remains uncertain
- Volatility index, although decreased significantly, remains above pre-crisis levels indicating a “fear factor” still present
- CDS indices as well remain above levels from 2006 and 2007 indicating at more cautious risk approach of the lenders

Volatility index (VIX) L3Y



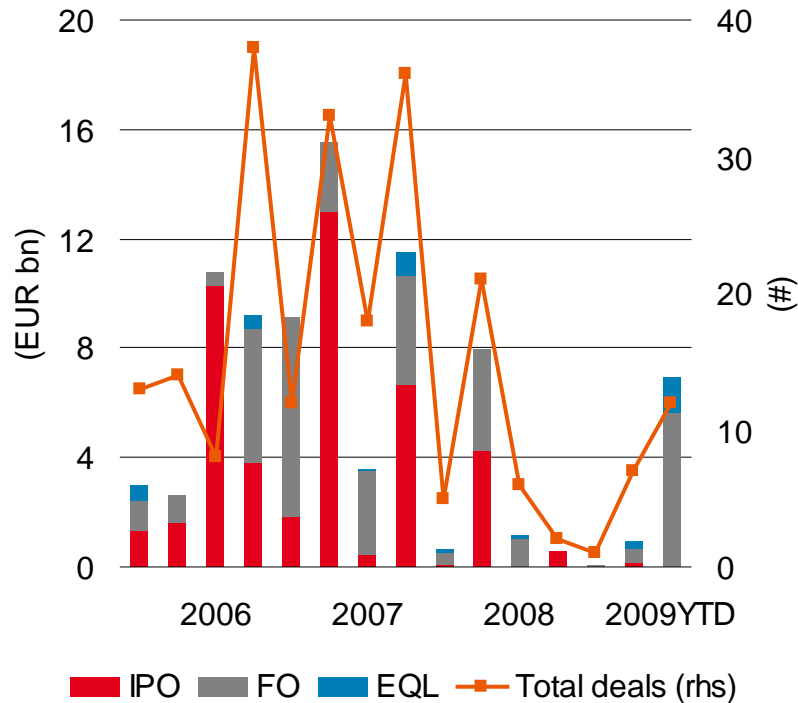
iTraxx CDS indices L3Y



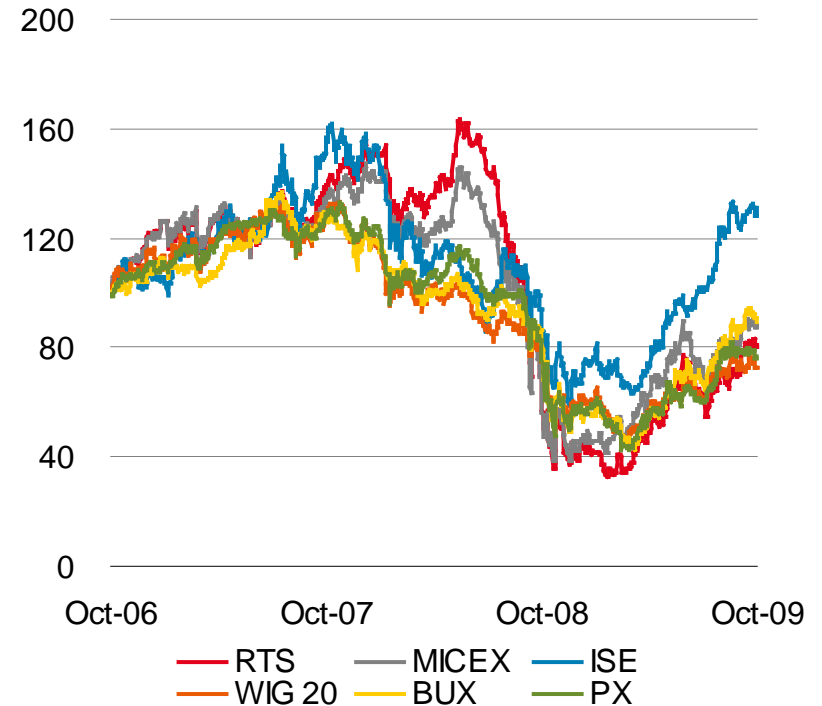
In current unstable conditions market opportunities should be pursued immediately with fast execution process limiting risk exposure

CEE is coming back to life

Eastern European primary markets issuance



Major Indices - Eastern Europe



- Collapse in equity markets in 2008 hit emerging markets hard
- Nearly no IPOs since mid-2008 and number of transactions has fallen dramatically
- Money was rapidly withdrawn from emerging markets funds in 2008
- Investors have regained confidence since mid-2009 slowly

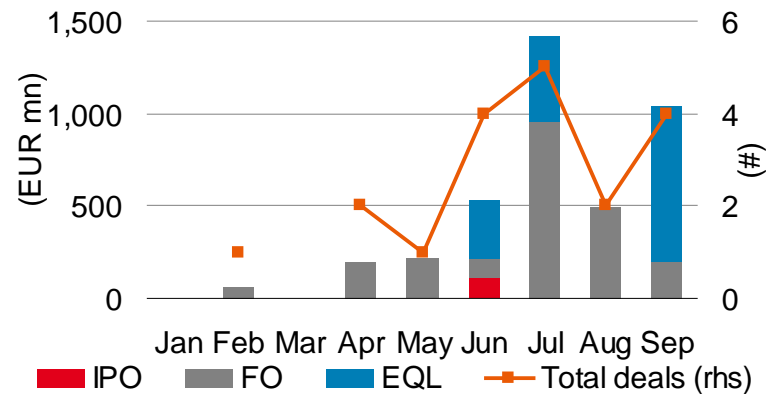
- RTS dropped sharply due to FX and commodity turmoil in Russia
- BUX, ISE and WIG20 decreased in line with the Western European stock indices as a result of the financial crises
- CEE markets recovering and are likely to come back to their initial level of 2006 by the end of 2009

Source: Bloomberg, Dealogic, as of 4 October 2009

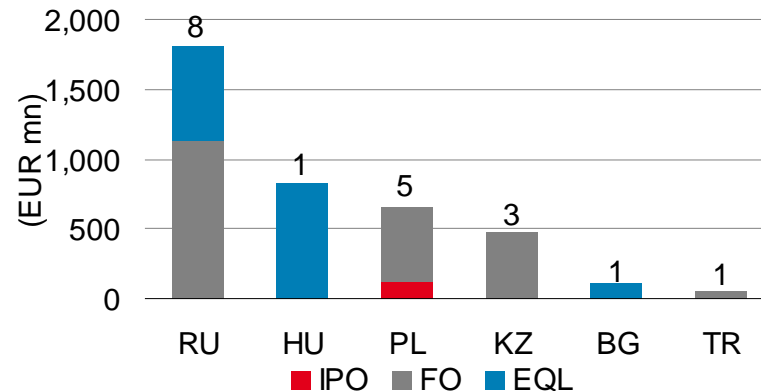
Signs of acceleration in Emerging European issuance activity

- Russia has dominated the ECM deal flow in terms of value of transactions, which is somewhat distorted by the jumbo VTB deal primarily taken up by the government (excluded from the charts below)
- Only Poland has been able to support an IPO in 2009 and will continue to be the most active ECM market

Equity capital markets transaction 2009YTD¹



Transactions overview by country 2009YTD¹



Selected completed ECM transactions 2009YTD

| Company | Country | Type | Value (EUR mn) |
|----------------|---------|------------------|----------------|
| Gedeon Richter | HU | Exchangable | 833 |
| VTB | RU | ABB/rights offer | 3,986 |
| Evraz Group | RU | Convertible | 465 |
| Evraz Group | RU | ABB | 226 |
| Alliance Oil | RU | Convertible | 213 |
| Alliance Oil | RU | ABB | 99 |
| CEDC | PL | SPO | 156 |
| Zhaikmunai | KZ | SPO | 126 |
| Bogdanka | PL | IPO | 118 |
| Chimimport | BG | Convertible | 102 |
| Bioton | PL | SPO | 58 |

Selected ECM transaction pipeline for Q3 2009

| Company | Country | Type | Value (EUR mn) |
|--------------|---------|--------------|----------------|
| PKO BP | PL | Rights issue | 1,200 |
| PGE | PL | IPO | 1,200 |
| Magnit | RU | EQL/SPO | 383 |
| KGHM | PL | SPO | 389 |
| Arctic Paper | PL | IPO | 48 |
| Lotos | PL | SPO | na |

UniCredit-led deals

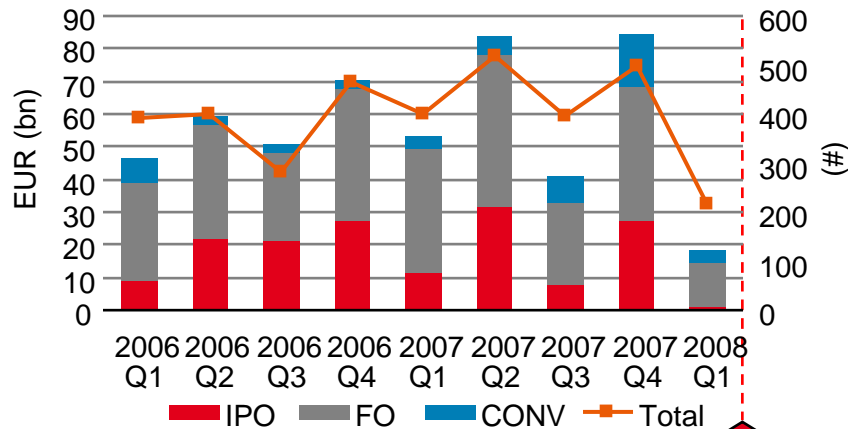
Note: 1. Deals larger than EUR 50mn; excludes VTB capital raising
Source: Dealogic, as of September 2009

- EXTREME IPOING: TRAKCJA POLSKA CASE STUDY

Q1 2008: ECM activity decreasing

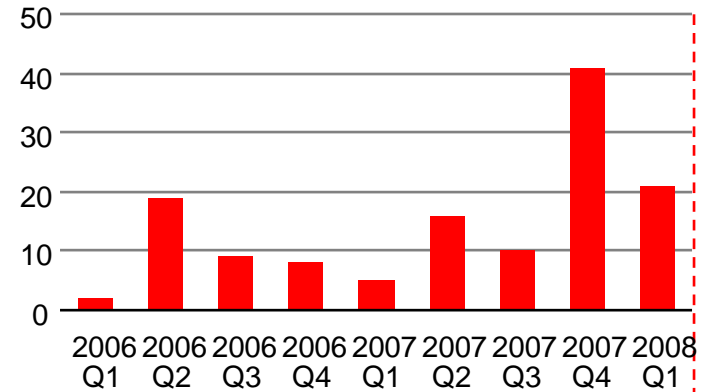
- ECM activity stalled from highs in 2007 to very low levels, with the IPO market shutting down completely
- A large number of ECM transactions in the pipeline was cancelled or postponed

European ECM activity 2006 – 2008 Q1



Pricing of Trakcja Polska

European withdrawn ECM transactions 2006 – 2008 Q1



Pricing of Trakcja Polska

News clippings from 1Q2008

26 January, 2008

ifr INTERNATIONAL FINANCING REVIEW

Volatility takes its toll

Across the world, ECM bankers have been forced to rethink their pipelines following some of the worst equity market falls for more than six years. By the end of last week most indices had staged an impressive comeback, but volatility remains a huge concern and for many issuers markets may

Overview: Equity markets volatile amid slowdown fears

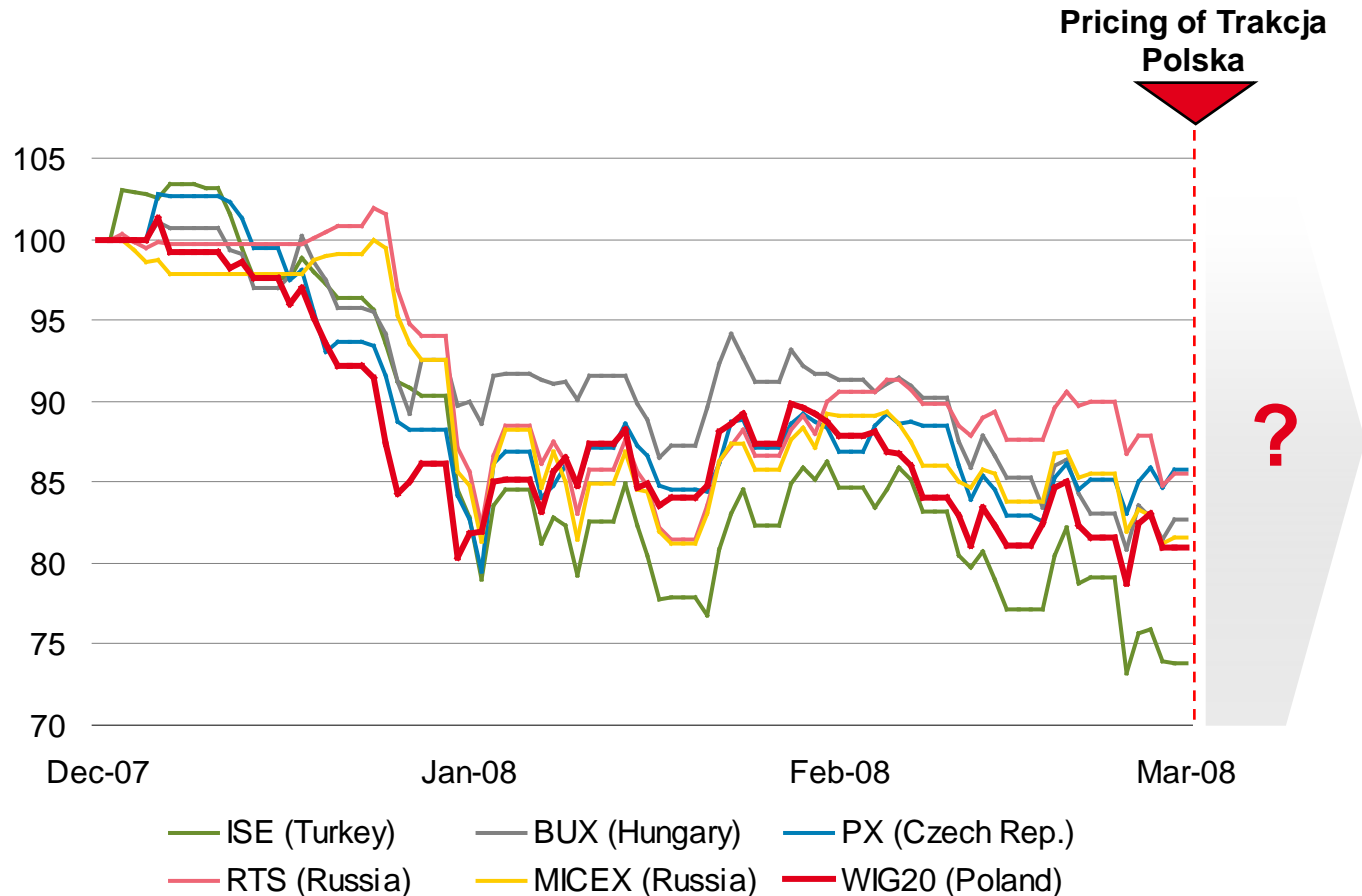
By Joanna Chung in London and Michael Mackenzie in New York
Published: February 6 2008 19:10 | Last updated: February 6 2008 22:33

A tentative recovery in stocks on Wednesday, was dashed as Wall Street turned lower in afternoon trade as fear of an economic slowdown resonated among investors.

FT FINANCIAL TIMES

Q1 2008: Market environment sharply deteriorating

- The beginning of 2008 was marked by a sharp deterioration of the economic environment
- It was the first impact of the global financial crisis, before a wave of recapitalisation transactions was launched later in 2008

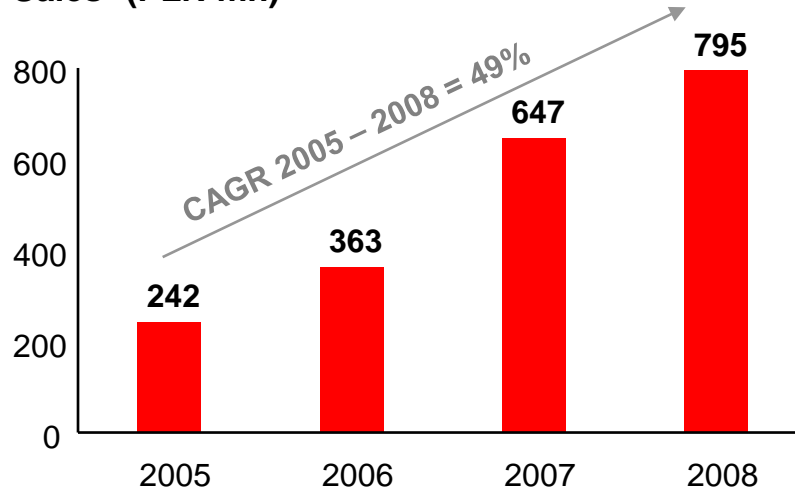


Source: Bloomberg

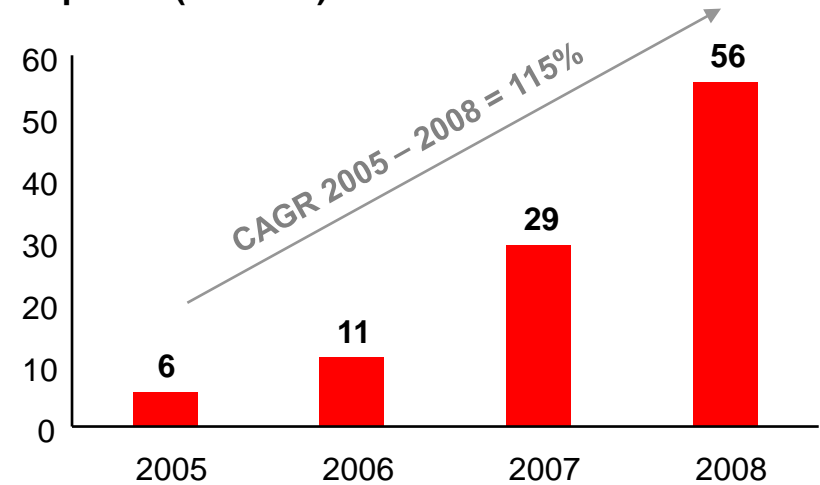
Trakcja Polska – basic data

A leading provider of construction and installation services to railway sector in Poland

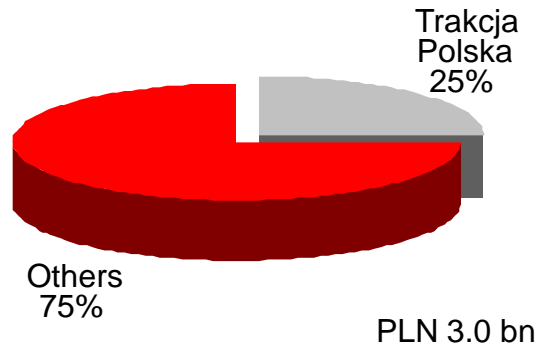
Sales* (PLN mn)



Net profit* (PLN mn)



Capex on the Polish Railway network 2008



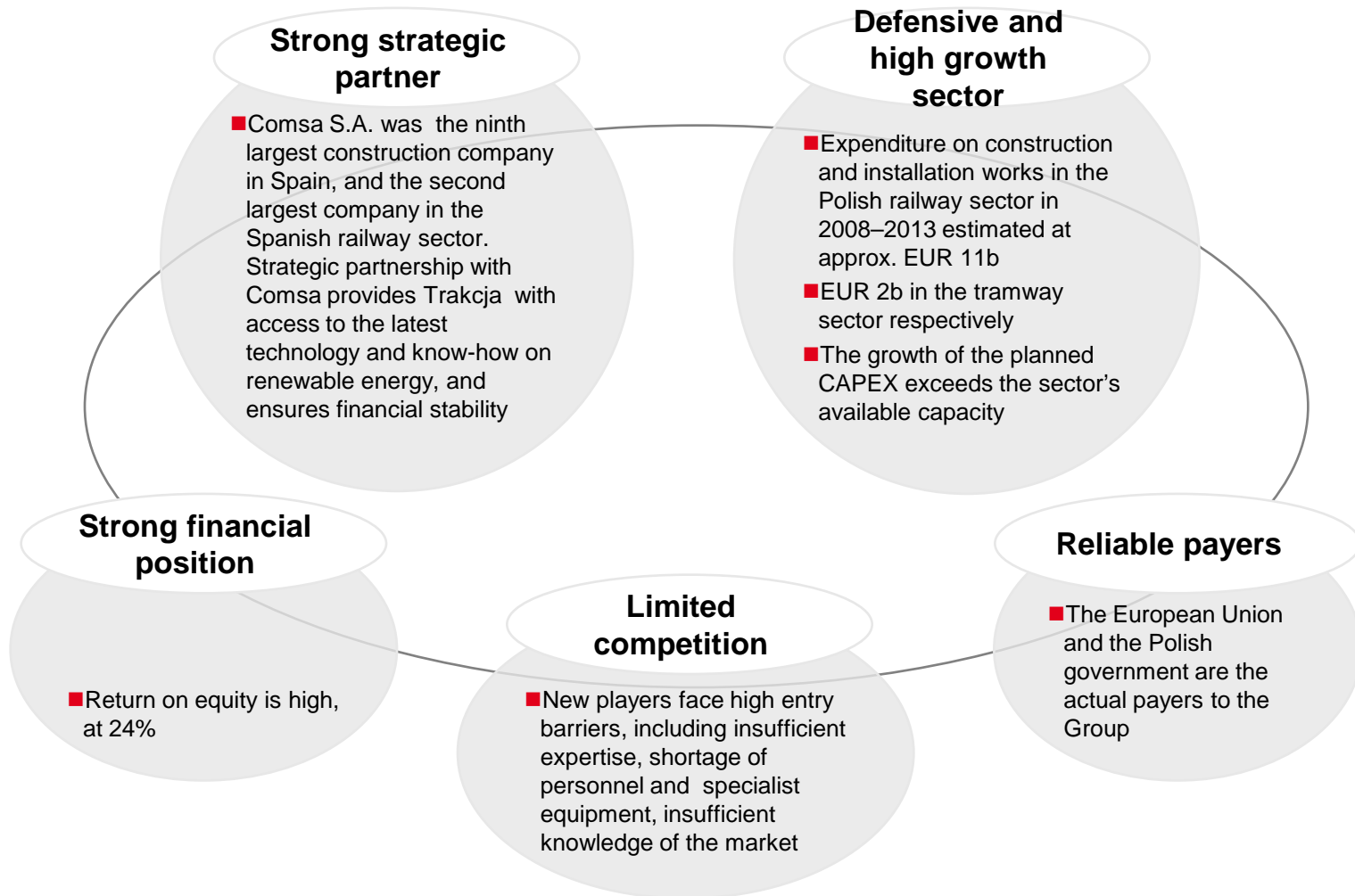
Number of employees: 1,089

Founded in: 1949

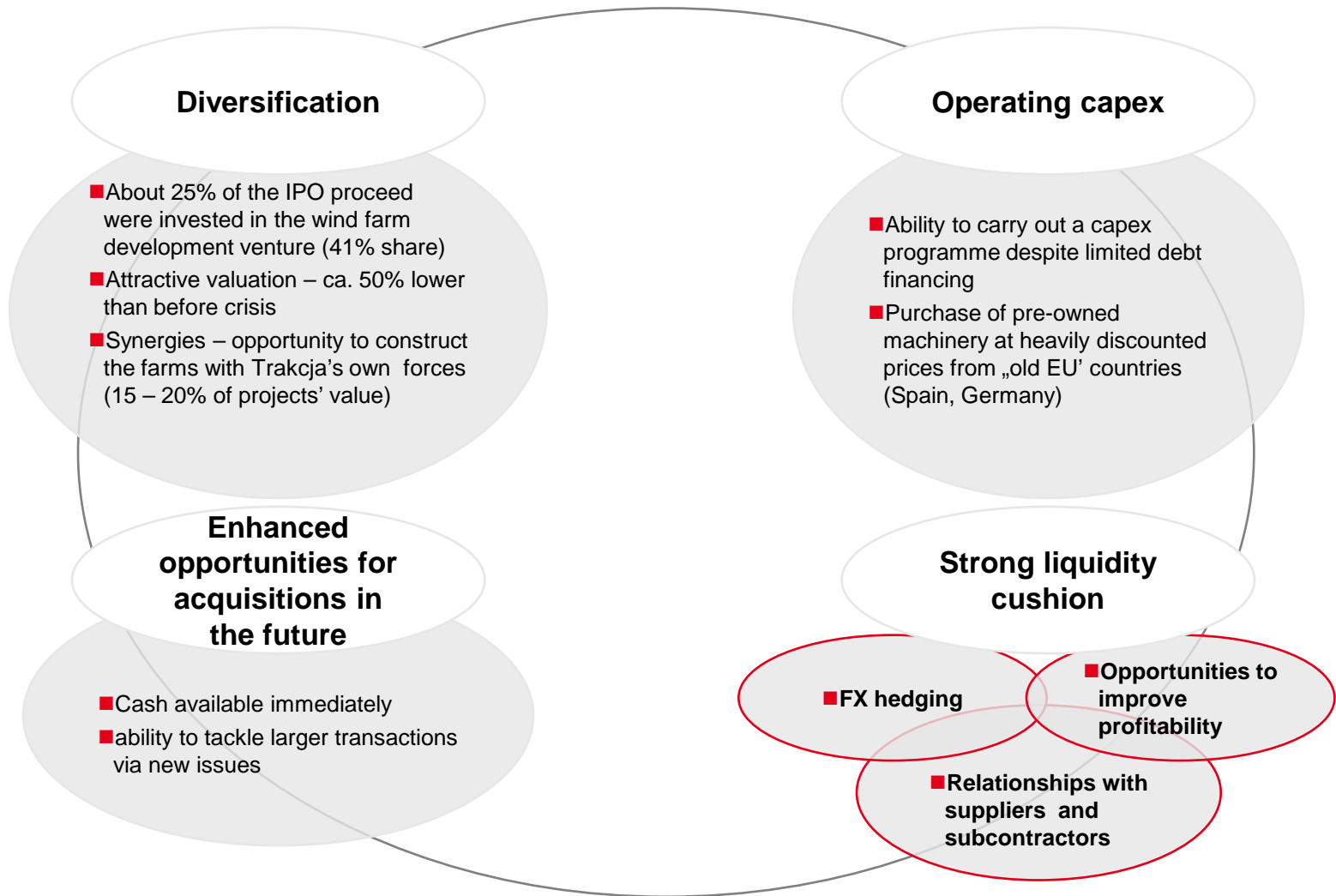
ROE₂₀₀₈: 24%

* Consolidated figures prepared under IAS

Transaction success factors – equity story



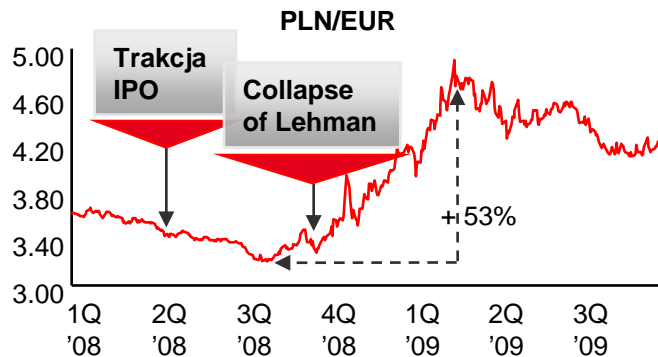
The role of the equity raised in the IPO



Strong liquidity cushion

FX Hedging

- 44% of revenues from EUR - denominated contracts (2008 data)
- Huge PLN/EUR exchange rate changes forced many Polish companies to close their hedges at least favorable moments
- Two of main competitors in serious trouble due to FX hedging problems
- Our hedges had a relatively large negative impact on profits -39% of adjusted operating profit in 2H2008, but not on the Company's stability
- Substantial cash position allowed Trakcja to respond to margin calls on derivative positions



Relationships with suppliers and subcontractors

- Large discounts on the basis of cash prepayments for building materials
- Provision of liquidity for subcontractors (at no risk for Trakcja):
 - high-margin factoring
 - purchasing of materials for subcontractors (large discounts)
- Outcomes:
 - ability to manage larger contracts (record PLN 795m sales in 2008, up 23% y-o-y)
 - timely completion of projects
 - improved profitability

Opportunities to improve profitability

- Financing high-margin additional works:
 - up to 10% of overall contract value
 - financing period up-to 12 months
 - margins typically 2-3 times higher than average
- Generating penalty interest:
 - accepting delays in payments
 - currently penalty interest rate is almost 3 times above the interbank rate

Successful execution – IPO priced at a maximum

The Deal

Trakcja Polska

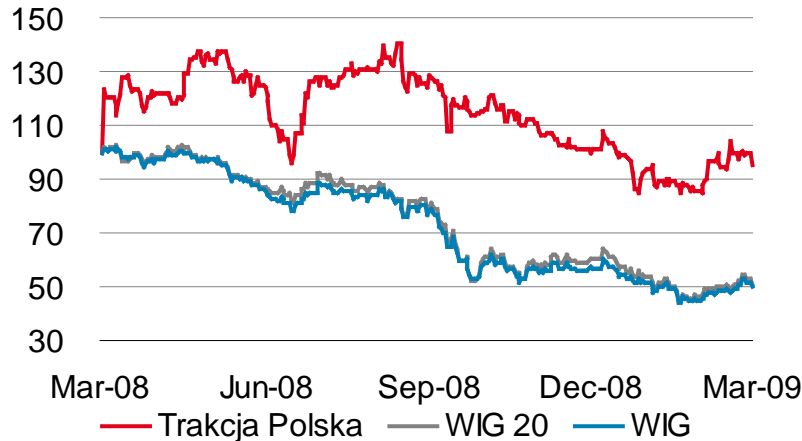


PLN 160mn
IPO

Sole Financial Adviser
to the Company and
the Selling Shareholder
March 2008

- **Pricing date:** 26 March 2008
- **Listing:** Warsaw
- **Size:** PLN 160mn / EUR 45mn
- **Number of shares:** 40.0mn
- **Free float:** 25%
- **Price Range:** max. PLN 4.00
- **Issue Price:** PLN 4.00
- **Market Cap@Offer:** PLN 640mn
- **Offer Structure:** Reg S
- **Offer Type:** Primary and Secondary shares

Trakcja relative performance 12 months after IPO



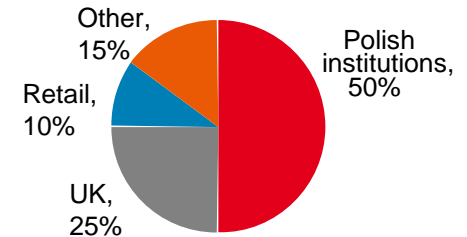
Execution

- 6x oversubscribed at maximum price by institutional investors
- 3x oversubscribed by individual investors

Placing power

- High demand from the first day of bookbuilding
- Enormous subscription in such volatile market conditions

Allocation



Superior research to support investor confidence

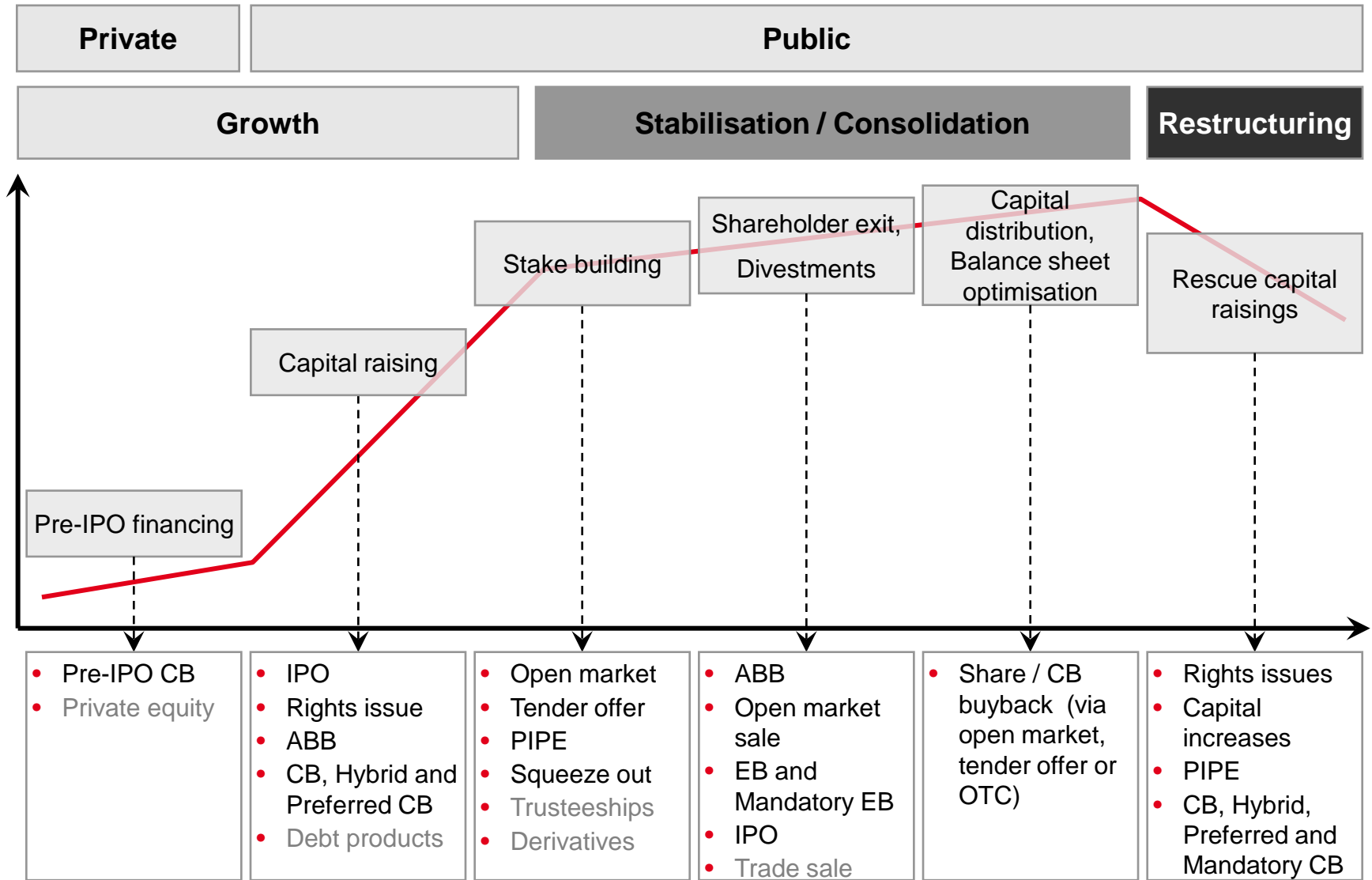
- The first railway infrastructure company listed on the WSE - high interest among investors due to profound sector analysis



Maximum price despite challenging market conditions

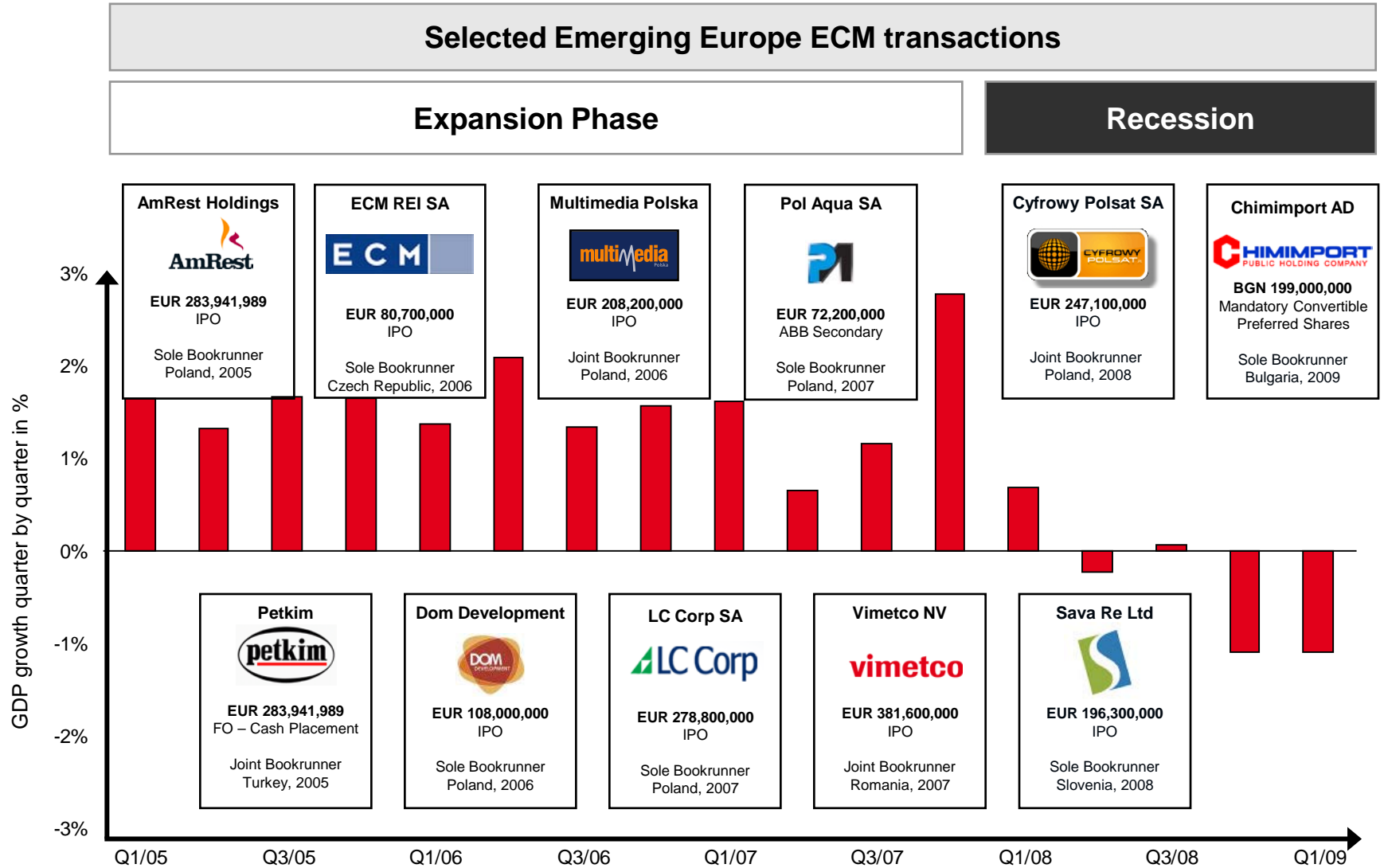
-
- FINANCING SOLUTIONS IN CHALLENGING MARKETS
 - EQUITY SOLUTIONS

ECM products for your Company's lifecycle




Note: CB – Convertible Bond; EB – Exchangeable Bond

ECM deals throughout the economic cycle



Source: UniCredit Research, average of CEE (Czech Rep., Hungary, Poland, Sloval Rep. Turkey) OECD GDP q-o-q growth calculations based on OECD data

Financing alternatives

| | |  | | | |
|------|--|--|---|--|--|
| | | High | <i>Equity Dilution</i> | | Low |
| | | Rights Issue Capital Increase (incl. ABBs) | Private Investment in Public Equity (PIPE) | Preference Shares | Equity-Linked |
| PROS | <ul style="list-style-type: none"> ✓ Clear execution process ✓ Immediate reinforcement of equity capital ✓ Fast execution & placement for ABB (< 10% of capital) | <ul style="list-style-type: none"> ✓ Private & confidential negotiations ✓ Structural & pricing flexibility ✓ Bullish signal for the market (investors demand) | <ul style="list-style-type: none"> ✓ Equity capital with no voting rights dilution ✓ New investor base (yield focused) | <ul style="list-style-type: none"> ✓ Structural flexibility ✓ Least dilutive ✓ Equity sold at a premium ✓ Cost saving vs debt + no covenants, security ✓ Fast execution (3 weeks) | |
| | CONS | <ul style="list-style-type: none"> ✗ Heavy process, excl. ABB: AGM / EGM approval, prospectus, equity research, roadshow etc ✗ Immediate dilution ✗ Most expensive source of financing (WACC) | <ul style="list-style-type: none"> ✗ EGM approval may be necessary, depending on structure/size ✗ Board representation may be required ✗ Size limited to anchor orders | <ul style="list-style-type: none"> ✗ Higher fixed dividend vs common shares ✗ Senior to common shares ✗ Priced at premium ✗ Can convert into ordinary (Convertible preferred) | <ul style="list-style-type: none"> ✗ Immediate EPS dilution by analysts ✗ Refinancing risk if unconverted ✗ Increased gearing ✗ Potentially dilutive |

Rights Issue / Capital Increase (incl. ABBs) – key characteristics

Introduction

- Increasing number of fundamentally sound businesses experiencing capital structure or refinancing pressure
 - Operating performance challenges
 - Increasing debt amortisations / stringent covenants
 - Acquisition and other refinancing needs
- Rights Issue / Capital Increase provides opportunity to improve balance sheet

Main features

- Generally requires shareholder approval at AGM or from authorised capital
- Requires preparation of prospectus typically accompanied by: equity research and roadshow activities
- With or without pre-emption rights for existing shareholders (dilution risk management)
- Pre-emptive rights will involve longer period of market risk and consequently substantial discount

| | Pre-emptive Rights Issue | Non pre-emptive Capital Increase |
|----------------------|--|--|
| Definition | Issue of new shares with subscription rights for current shareholders | Issue of new shares without subscription rights for current shareholders |
| Dilution risk | Existing shareholders remain protected from dilution risk as they have a proportional take- up right | Existing shareholders are exposed to dilution |

ABB

- Tight timeframe – fast execution
- Up to 10% of outstanding capital
- No pre-emption rights for existing shareholders
- No AGM or authorised capital approval required
- No prospectus required

Success factors

- Strong investment case
- Shareholder structure / backing by existing shareholders
- Performance of the stock
- Issue size in relation to market capitalisation
- Liquidity
- Use of proceeds (planned/announced M&A transactions)
- Broker estimates and consensus

Pirelli Real Estate EUR 400 m Rights Issue

Company Description

- Pirelli RE is a Fund & Asset manager active in the real estate sector. It manages real estate and nonperforming loans funds. It also provides services (property management, credit servicing and agency) to investment companies through specific teams
- Founded in 1961 and listed on the stock exchange since 2002, Pirelli RE is active in Italy, Germany and Poland with Asset under Management of Eur 17.3 bn

- The Company has recently encountered severe difficulties due to the general market conditions prevailing in the real estate sector. 2008 revenues have plummeted by 77% vis-à-vis previous year, with a net loss of approx 1.400 m
- In order to face the mentioned crisis, Pirelli RE announced a 3 years business plan aiming at reducing its indebtedness. The main points of the plan are: a process of cost cutting and reorganization, a capital increase, and "core" and "non-core" assets disposal
- A new top management, highly experienced in the real estate business, has been appointed as part of the restructuring plan

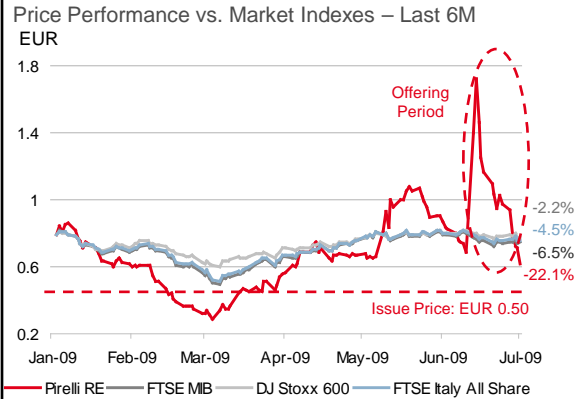
| |
|---|
| Pirelli RE EUR 400 m Rights Issue Placement Agent June 2009 |
|---|

- **Deal Size:** EUR 400 m
- **Number of shares:** 798 m
- **Structure:** 135 new / 7 old shares
- **Subscription Price:** EUR 0.50
- **Discount on TERP:** 31.9%
- **Free float:** 40.8%
- **Closing date:** 20 July 2009
- **Listing:** Milan Stock Exchange
- **Type of Offering:** Capital Increase with subscription rights granted to existing shareholders

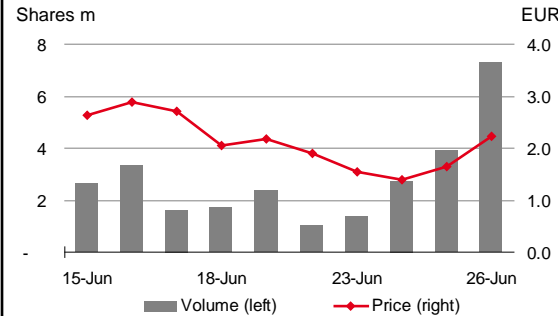
The Challenges

- The real estate sector is one of the most affected by the financial crisis and there is very little visibility on the timing of a recovery
- Pirelli RE's capital increase is the last of a long series from real estate companies that could have saturated market's appetite for this kind of transactions

Pirelli RE Stock Trading



Pirelli RE Rights Trading



The UniCredit Difference

Institutional

- UniCredit organised management roadshows in Milan, London, Paris and Frankfurt with institutional investors creating a significant interest in the transaction

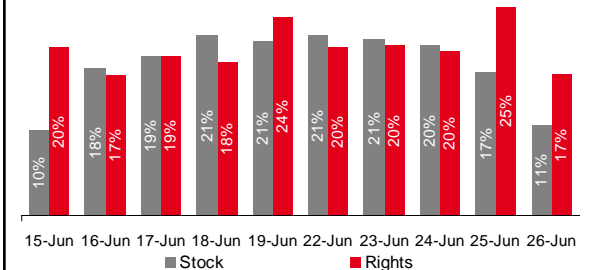
Retail

- Over 10% of retail shares were deposited at UniCredit Group banks
- UniCredit marketing effort ensured early exercise of rights, high take-up level and smooth recycling of unexercised ones to already selected institutional investors

UniCredit Access to PRE shareholders' base

- During the offering period approx. 20% of Pirelli RE market trading volumes were generated by UniCredit Group clients' transactions

% of UniCredit's volumes on market trading volumes



Final Take up of 99.4%

CEDC – USD 220 mn Capital Increase and Secondary Placement

Largest transaction in Emerging Europe in 2009 at the time of completion¹

The Company

- CEE's largest integrated spirit beverages business with operations in Poland, Russia and Hungary



- One of the largest vodka producers globally and largest vodka producer by volume in both Poland and Russia
- Leading importer and distributor of international spirits, wine and beer in Poland, Russia and Hungary

The Deal

- Use of proceeds: to buy out part of the minorities in CEDC's Russian subsidiaries and for general corporate purposes

Central European Distribution Corp.

USD 220 mn
Capital Increase & Secondary Placement
UniCredit
Joint Global Coordinator & Joint Bookrunner
July 2009

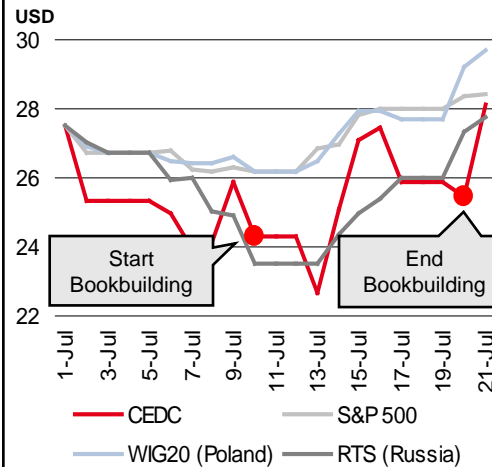
- **Pricing date:** 20th July 2009
- **Listing:** Nasdaq, Warsaw (dual)
- **Size:** USD 220 mn (incl. Greenshoe), 19% of share capital
- **Number of prim. shares:** 6.85 mn
- **Number of sec. shares:** 1.50 mn
- **Greenshoe (prim. shares):** 0.835 mn
- **Issue Price:** USD 24.00
- **Discount to previous close:** 5.6%
- **Market Cap @ Offer:** USD 1,316 mn
- **Offer Type:** Capital Increase and Secondary Placement

The Challenges

- Limited ECM activity track record in the region YTD
- Uncertain market conditions
- Company's exposure in Emerging European markets perceived as risky
- CEDC's acquisitive strategy leading to significant debt position
- Selling shareholder price sensitivity

Transaction well received

- CEDC share price performance +4.6% during bookbuilding and +10.6% on the day of pricing and allocation



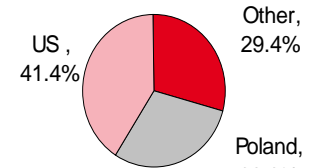
Indices rebased

The UniCredit Difference

Superior Execution & Placement Power

- UniCredit acted alongside Jefferies as a Joint Global Coordinator & Joint Bookrunner in SEC registered transaction
- Two management teams met over 200 US, European and Polish investors during a one week roadshow
- UniCredit generated significant demand leveraging on its strong client base including international Emerging Europe focused funds and top tier Polish accounts
- Early order momentum led to a 4x oversubscription @ USD 24 per share
- High quality investor base and significant oversubscription contributed to a strong share price performance
- Top 20 accounts took 70% of the book
- The transaction was priced at USD 24, a 5.6% discount to last close
- Strong share price performance set base for early and complete exercise of greenshoe option

Allocation breakdown



Pricing at a tight discount in volatile market conditions

1) Excluding Russia

PIPE (private investment in public equity) - overview

General description

- A PIPE is a placement of securities to limited number of investors, typically executed non pre-emptively (shareholders' pre-emptive rights and consent rights in Europe increase complexity of execution)
- Securities can be offered to a single or a number of anchor investor(s) with customised terms and conditions
- Precedents include Warren Buffet/ Goldman Sachs; Middle Eastern investor/Barclays; Herz Family/ Escada; Core shareholders/UniCredit

Structural features

- In the current difficult markets PIPEs are frequently used to ensure security of proceeds and confidentiality (during transaction) which pre-emptive rights issues cannot offer
- PIPE investors can therefore provide a pre-agreed backstop bid for market financing
- The terms of the offering and type of security is highly customised and will depend on investor preferences, existing debt covenants and cashflow profile
- Diverse structures can be used: straight equity, preference shares, convert preferred, mandatory, or plain convertible bond

Benefits

- Increased financing capacity and flexibility
- Bullish signal for the market, since investor(s) is looking to gain equity exposure to the company
- Issuer can negotiate with limited number of parties rather than with the market as a whole
- Terms and type of security can be tailored to suit both corporate and investor(s) requirements

Considerations

- EGM approval may be necessary, depending on structure/size
- Use of proceeds needs to be well documented
- Board representation from investors may be required
- Participation may be limited to anchor investor(s)

Rights Issue/PIPE case study - Premiere AG

Execution of EUR 38m rights issue provides for immediate liquidity requirement and sets base for EUR 412m 2nd tranche following EGM

The Company

- Premiere is the leading Pay-TV operator in Germany and Austria with approx. 2.4 mn subscribers
- The Group recently secured broadcasting rights for German Bundesliga until 2013. Premiere also owns a portfolio of exclusive content ranging from movies, series and sports rights
- Premiere is headed by a new management team since late 2008 and announced a new strategic plan to realign the business

The Deal

Premiere

PREMIERE

EUR 38 mn

Rights issue

Joint Bookrunner
January 2009

- **Announcement:** 23 Dec 2008
- Shares in outstanding pre CI: 112,460,000
- Shares outstanding post CI: 122,683,636
- **New shares:** 10,223,636
- **Size:** EUR 38 mn
- **Transaction type:** Rights issue
- **UniCredit role:** Joint Bookrunner

The Challenges

- Premiere's debt maturity profile and challenging market environment required an increased equity base in combination with a new credit facility
- The transactions marks the first of two intended capital increases aiming to a total of EUR 450 mn in equity following EGM approval
- UniCredit structured and underwrote part of the corporate credit facility
- The first of two rights issues utilised the existing authorised capital increasing share capital by ca. 10.2 mn new shares in a ration of 1:11
- The EUR 38 mn transaction was equipped with a partial backstop by major shareholder News Co securing minimum proceeds of EUR 25 mn
- Setting the subscription price as a function of the higher of EUR 3.19 and 2% discount to a period VWAP during the subscription period, the issue price was increased to EUR 3.76 representing a premium to the then prevailing market price

The UniCredit Difference

Superior Execution

- The defined pricing mechanism secured minimum transaction size at the time of announcement while optimising proceeds for the issuer through higher of definition
- Despite the ultimate premium to the market price significant free float take-up enabled the company to raise the full amount in excess of the backstopped minimum amount of EUR 25 mn
- UniCredit's intimate knowledge of Premiere's investor universe provided the basis for comprehensive institutional investor feedback

Providing cross-asset financing

- Structuring a 1:11 rights issue with backstop agreement to meet short term funding needs
- Building the basis for a larger rights issue in order to restructure the company's long-term financing
- Committing to a new corporate credit facility



Meeting immediate liquidity requirement

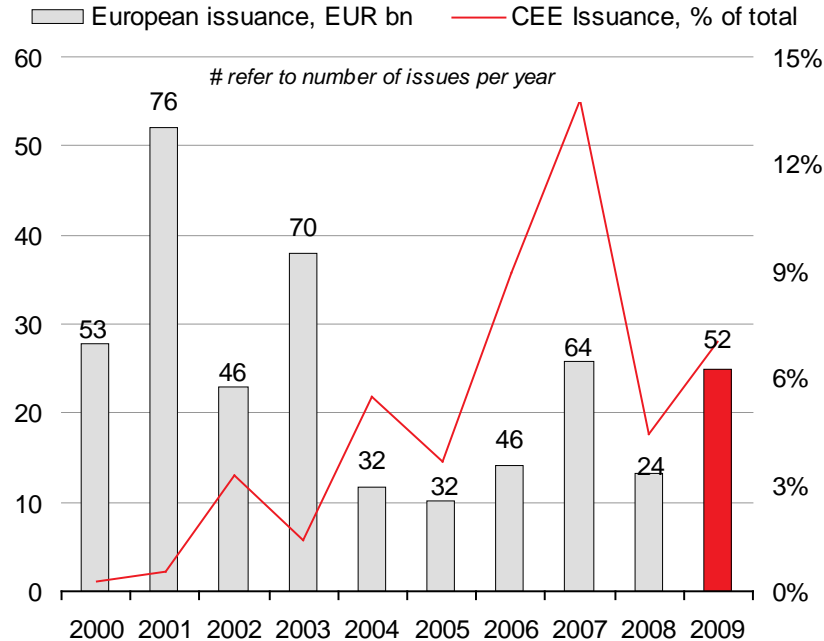
-
- FINANCING SOLUTIONS IN CHALLENGING MARKETS
 - EQUITY-LINKED ALTERNATIVES

Convertible Bonds vs. Straight Debt and Equity

| | Straight Senior Debt | Convertible Bond | Straight Equity |
|----------------|--|---|--|
| Merits | <ul style="list-style-type: none"> ■ Non-dilutive ■ Cheapest source of financing in terms of cost of capital ■ Increased RoE | <ul style="list-style-type: none"> ■ Attractive source of financing <ul style="list-style-type: none"> - Embedded option subsidises funding cost - Comparatively lower coupon / yield ■ Issue of shares at a premium <ul style="list-style-type: none"> - Minimises dilution - Offsets irrational equity valuations - Justifies exclusion of pre-emption rights ■ Highly flexible instrument <ul style="list-style-type: none"> - Wide range of structuring parameters to meet diverse issuer objectives - Lack of covenants maintains flexibility for future financing ■ Quick / Low-Risk Access to Capital in current volatile market conditions <ul style="list-style-type: none"> - Limited due diligence and documentation - Execution in ca. 4 weeks ■ Wide investor base across asset-classes | <ul style="list-style-type: none"> ■ Immediate reinforcement of equity capital ■ Reduced gearing |
| Considerations | <ul style="list-style-type: none"> ■ Highest cash outflow for debt servicing ■ Potentially restrictive covenants ■ Increased gearing ■ Refinancing risk ■ Rating typically important ■ Highly challenging in current markets | <ul style="list-style-type: none"> ■ Immediate EPS dilution by analysts ■ Refinancing risk if unconverted ■ Increased gearing ■ Potentially dilutive to shareholders | <ul style="list-style-type: none"> ■ Typically issued at a discount to current share price ■ Most expensive source of financing in terms of cost of capital ■ Immediate dilution (EPS and voting rights) ■ Reduced RoE ■ No new investor base |

Equity-linked currently an issuers' market

EMEA issuance picking up



- September saw 11 issues raising ca. 4 bn – one of the record months in Europe
- Demand remains high with both outright and hedge fund community participating in new deals
- Issuers across sectors, countries, credit spectrum
- CEE issuers seized the market opportunity and now represent 7% of the total EMEA issuance 2009 YTD, yet - only half of the record 2007 level

Issues out of CEE 2007 - 2009 YTD

| Issuer | Country | Type | Date | Size (EUR mn) | Premium | Coupon | Rating at issue |
|----------------------|---------|---------|--------|---------------|------------|--------------|-----------------|
| A-TEC Industries | AUS | CB | Sep-09 | 110 | 28% | 8.75% | NR |
| MNV / Gedeon Richter | HUN | EB | Sep-09 | 833 | 32% | 4.40% | NR |
| Evraz | RUS | CB | Jul-09 | 432 | 28% | 7.25% | BB-/Ba3 |
| Alliance Oil | RUS | CB | Jun-09 | 189 | 28% | 7.25% | NR |
| Chimimport | BUL | MCP | May-09 | 102 | 22% | 9.00% | NR |
| Chimimport | BUL | CB | Aug-08 | 65 | 30% | 9.00% | NR |
| CME | CZE | CB | Mar-08 | 312 | 25% | 3.50% | BB/Ba2 |
| CEDC | PLN | CB | Mar-08 | 204 | 30% | 3.00% | B+/B2 |
| Imperial Energy | RUS | CB | Dec-07 | 130 | 45% | 5.95% | NR |
| Immofinanz | AUS | CB | Nov-07 | 750 | 37% | 1.25% | NR |
| conwert | AUS | CB | Nov-07 | 196 | 30% | 1.50% | NR |
| Concern Galnaftogaz | UKR | Pre-IPO | Nov-07 | 34 | na | 5.00% | NR |
| IFD / Lukoil | RUS | MEB | Oct-07 | 883 | 48% | 6.75% | NR |
| BMB Munai | KAZ | CB | Jul-07 | 44 | 30% | 5.00% | NR |
| Dresdner / Rosneft | RUS | EB | May-07 | 585 | 20% | 0.00% | A+/Aa2 |
| A-Tec Industries | AUS | CB | May-07 | 180 | 35% | 2.75% | NR |
| Immofinanz | AUS | CB | Jan-07 | 750 | 32% | 2.75% | NR |
| Total | | | | 5,799 | | | |
| Average | | | | 341 | 31% | 4.89% | |

MCP – Mandatory Convertible Preferred
 MCB – Mandatory Convertible Bond

Convertible Bond as a financing tool

EUR 65 mn Chimimport 2015 CB

Chimimport



EUR 65,000,000
Indirect Convertible
Bond

Sole Bookrunner
Bulgaria, 2008

- Senior Secured Indirect Convertible Bonds
- **Issuer:** Chimimport Holland
- **Underlying:** Chimimport AD
- **Pricing Date:** 15th Aug 2008
- **Maturity:** 7 years

- **Issue Price:** 100.0%
- **Redemption Price:** 118.9%
- **Coupon:** 7% semi-annual
- **YTM:** 9% [8.375-8.875%]
- **Exchange Premium:** 30% [30-35%]
- **Issuer Call Option:** After Year 3 subject to 130% trigger
- **Investor Put Options:** Years 2 and 4
- **Anti-Dilution Feature:** Cash Settlement-Option

Issuer's objective achieved:

- Structured as an exchangeable bond (majority shareholder "lending" the shares) to avoid public offering with rights & EGM approval, hence fast execution & no exposure to volatile markets
- Cheap long-term financing secured with no covenants & no security (exc. the shares) in the midst of a crisis
- Access European capital markets & new investor base

Superior execution:

- Comparatively aggressive terms achieved vs precedent EMEA issues with better credit and higher stock liquidity
- Club deal with short confidential pre-marketing
- Streamlined and fast execution with no listing nor any disclosure document
- Positive aftermarket performance of share price

Landmark equity-linked issue:

- First equity-linked issue out of Bulgaria ever
- Innovative structure addressing stringency & ambiguity of Bulgarian regulatory and legal systems – applicable in most CEE countries

Exchangeable Bond as a monetisation tool

EUR 833 mn Hungarian State Holding / Gedeon Richter 2014 EB

MNV / Gedeon Richter



EUR 833,300,000
Exchangeable Bond

Joint Bookrunner
Hungary / 2009

- Senior Unsecured Exchangeable Bonds
- **Issuer:** MNV, Hungarian State Holding Company
- **Underlying:** Gedeon Richter
- **Pricing Date:** 9th Sept 2009
- **Maturity:** 5 years
- **Par-par structure:** Issue & redemption at 100%
- **Coupon / YTM:** 4.4% [4.4 – 4.9%]
- **Exchange Premium:** 32% [27-32%]
- **European Exchange Option** (exchange at maturity only)
- **Cash Settlement Option**
- **Listing:** Euro MTF (Luxembourg)

Issuer's objective achieved:

- Structured as a monetisation tool without compromising State's strategic ownership: non-exchangeability until maturity combined with Issuer's cash settlement option
- Refinancing of the maturing EB with the settlement date of the new bond matching the redemption date
- Stock impact minimised through focused outright placement, satisfying MNV's preference for buy-to-hold investors
- Execution in 4 weeks – from kick-off to placement

Superior execution:

- Sovereign credit, bond-like structure (high bond floor) and appealing underlying equity story attracted fundamental / outright interest from investors
- Books covered within 1.5 hours of launch and closed 4.5x oversubscribed after only 4.5 hours of marketing
- Pricing at best terms for the issuer (4.4% coupon, 32% premium) with no value leakage: grey trading at ca. 101% throughout the day

Landmark equity-linked issue:

- 2nd largest CEE issue ever
- The most competitive mandate in CEE

Convertible Preferred as an alternative to discounted rights issue

EUR 102 mn Chimimport 2016 Mandatory Convertible Preferred Shares

Chimimport



BGN 199,000,000
Mandatory Convertible
Preferred Shares

Sole Bookrunner
Bulgaria, 2009

- Mandatory Convertible Preferred Shares
- **Issuer & underlying:**
Chimimport AD
- Public Offering with pre-emption rights
- **Subscription Period:**
8 May – 12 June 2009
- **Maturity:** 7 years
- **Issue Price:** BGN 2.22
- **Premium:** 22% to share price before announcement
- **Fixed dividend:** 9%
- **Conversion for common shares:**
At any time, mandatory at maturity
- **Issuer's Call Option:** At 3rd anniversary, 150% trigger
- **Listing:** BSE (Sofia)

Issuer's objective achieved:

- Innovative structure as a proxy to a capital increase: immediate equity treatment with dilution delayed and at a premium
- Alternative to a deeply discounted rights issue at times when stock is already depressed
- Shareholder appeal: equity-like product offering enhanced and guaranteed yield (vs no dividend on ordinary shares)

Superior execution:

- Final subscription level of 99.6% of the rights offered
- Excellent support and take-up from core shareholders including foreign institutions
- 15% of rights recycled with domestic institutions
- 700 new retail investors participated

Landmark equity-linked issue:

- Structure used for the first time in Europe by a corporate
- Opened the CEE equity-linked market in 2009

Momentum in equity-linked issuance for grab

Why convertible bonds?

An issuer's market

- Confirmed by high oversubscription levels, favourable pricing for issuers, and strong aftermarket performance

Cheapest source of mid- to long-term financing

- Average coupon substantially below issuers' respective cost of debt with an average saving of ca. 440 bps p.a., and an average conversion premium of 31.6%
- Predominantly 5-year maturities but up to 7 -10 years achievable

Flexibility

- Unsecured nature and absence of covenants offer flexibility for future debt raising
- Wide range of placement solutions: from confidential private placement to accelerated bookbuilding (most common) and public offering with pre-emption rights

Why now?

Outright demand has surged

- Unprecedented levels driving demand and pricing for most issues
- Issuers' traditional concerns about share price impact at launch alleviated

Issuance outlook

- High level of issuance expected to continue driven by the refinancing backlog and attractive terms relative to straight debt
- Range of issuers (sectors, countries, and credit) expected to remain broad

Delaying carries more downside than upside

- Short preparation process allows quick access to market
- Strong pipeline and potential pullback in equity markets suggest the sooner the better

Conclusions

CEE outlook

- Investor interest and demand has returned, although with higher stock liquidity expectations
- CEE issuers made a welcome come-back to the equity & equity-linked market
- However, in current unstable conditions market opportunities should be pursued immediately with fast execution process limiting risk exposure

Key Themes

- Deleveraging to strengthen balance sheets
- Refinancing to continue – strong backlog, EUR bond market open only to select CEE corporates
- Monetisation & disposal of stakes (privatisations, financial sponsor exits etc)

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