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THE PBN COMPANY is an international strategic communications, government relations and public affairs consultancy serving clients worldwide from offices in Washington, DC, London, Moscow, Kyiv, Riga, Almaty and Chisinau.



U.S. Treasury Secretary John W. Snow and Alan Greenspan, Chairman of the Federal Reserve Board of Governors, share a light moment at the global unveiling of the new U.S. \$20 note.

PBN Generates News

The PBN Company has a "nose for news." Knowing how to package a news story to "stay on message" and generate maximum "on-target" coverage is a PBN hallmark.

That was evident in four recent news events managed by The PBN Company.

The first was the release of a study identifying and analyzing the Top 100 most promising up-and-coming consumer goods and services firms in Russia. In addition to managing the unveiling of the study in both Moscow and London, The PBN Company was also one of the study's sponsors.

The second was the release of findings of a public opinion survey of 2,000 Moscow and Samara consumers, conducted by The PBN Company, on shoppers' experience with and opinions about counterfeiting in Russia.

In Ukraine, PBN managed the announcement of an investment impact study, which found that for every one dollar invested by PBN's client, the Western NIS Enterprise Fund in Ukraine and Moldova, another \$8 is generated in new economic activity.

The fourth recent news event was the Russian unveiling of the newly designed U.S. \$20 note, which is part of the U.S. government's efforts to stay ahead of counterfeiting of U.S. currency. The PBN Company managed the Russian unveiling as part of a global campaign for the U.S. Department of Treasury's Bureau of Engraving and Printing. More than 60

reporters attended the May 13 Moscow unveiling at the U.S. embassy.

Each of these events generated major news coverage, not only in Russia but throughout the region and globally. This edition of Access PBN highlights these events and looks back at another major news event in PBN's history as part of the firm's 20th Anniversary Celebration.

Most Promising Companies in Russia's \$275 Billion Consumer Market

A "Who's Who" of emerging Russian consumer companies was unveiled at Moscow and London news conferences on the first and second of April 2003, managed by The PBN Company, and covered by nearly 30 Russian reporters, including those representing the Financial Times, Dow Jones News Service, the Moscow Times and Prime TASS.

The first-of-its-kind study was conducted by Interactive Research Group (IRG) and sponsored by The PBN Company, The Moscow Times, Deloitte & Touche, Bank Société Générale and Altium Capital.

"The study identified the most competitive, well-run and promising emerging companies in Russia's \$275 billion consumer market," explains PBN's Chairman & CEO Peter B. Necarsulmer. "It also serves as a guide for domestic and foreign investors interested in investing in, lending to, acquiring or partnering with a Russian enterprise specializing in consumer goods or services."

Approximately 15 of the top 100 say they will publicly list on the Russian, New York or London Exchanges in the next 24 months. Of the 100 companies named, 42 produce or sell fast-moving consumer goods, 15 are consumer service providers, 12 are retailers, eight are in agriculture and food production, and seven are wholesale distributors.

"The growth of these companies mirrors the growth of the Russian consumer market, which increased 15 percent last year," explains Necarsulmer. "Real income of Russian families also grew by 8.5% in 2001 and 8.8% in 2002."

An overwhelming majority of the companies report significant growth in 2002. "But, sales volume and income growth alone were not the determinants of who made the Top 100 list," says Necarsulmer.



IRG President Greg Thaine unveils the Top 100 Emerging Russian Consumer Companies at a Moscow news conference.

The study also examined the companies' management, commitment to transparency and good corporate governance, investment policies, marketing and distribution networks, brands mix and growth plans.

New emerging Russian companies were also put under the spotlight at an Adam Smith Institute Conference in London on 22 May entitled "Investing in Emerging Russia: Blue Chips and Beyond." The PBN Company was a conference co-sponsor and Necarsulmer presented on image management and relationship building for Russian companies seeking access to capital.

"Everyone knows Yukos, Lukoil and Aeroflot are major Russian companies," says Necarsulmer. "But, in the future, I predict companies such as Kalina, Cherkizovsky, 36.6, Nizhpharm, Gloria Jeans, and others that are on the Top 100 Emerging Russian Companies list will also be well known around the world."

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For copies of the Top 100 Emerging Russian Companies Study and news coverage visit: www.pbnco.com

For copies of Peter's presentation: "Reputation Building for Russian Companies in Western Markets" visit: www.pbnco.com/presentation/pbn05_22.ppt

Three Out of Four Moscow Shoppers Bought Fakes

A recent consumer survey provided new evidence that counterfeiting in Russia is a pervasive and growing threat. The survey, conducted by The PBN Company and Interactive Research Group (IRG) for PBN's client, the Coalition for Intellectual Property Rights (CIPR), found that 93 percent of Muscovites encountered counterfeits when shopping in 2002.

According to PBN's Senior Vice President Alexander Shelemekh, who also serves as CIPR's Senior Vice President, "The most noteworthy statistic is that nearly three out of four Moscow consumers

admitted to purchasing one or more fake products in the past two years."

The survey was conducted in late 2002 in the homes of 1,200 Moscow and 800 Samara consumers. In addition to CIPR, the International Confederation of Consumer Organizations, the Union of Consumers of Russia and the Pharmaceutical Research and Manufacturers of America sponsored the survey.

"The survey's goal was to quantify the opinions of consumers toward the practice of counterfeits and to focus the attention of Russian political leaders, brandholders, retailers, enforcement authorities and consumers organizations on the most immediate actions needed to stem the criminal tide of counterfeiting and piracy," explains Shelemekh.

The survey results were released at a 19 March 2003 Moscow news conference, which was attended by more than two dozen journalists.

Among the other major survey findings were:

- Ninety percent of all Moscow consumers have negative attitudes toward counterfeiting, including 58% who are very negative.
- Clothing, footwear and sportswear are the counterfeit products most encountered by consumers (51%), followed by alcohol (47%), food (46%), pirated music and film (37%), medicines (31%), soft drinks (24%), tobacco (23%), household cleaning goods (20%), and personal care items (18%).
- Open markets (45%), small shops (22%), kiosks and street vendors (14%), supermarkets (6.5%) and pharmacies (6%) were the locations where consumers said they encountered and purchased counterfeit goods.
- While three quarters of the respondents said they were unaware that they were purchasing counterfeit products, one-quarter knowingly sought out fake products to buy.



CIPR President Peter Necarsulmer presents survey data to news media. Joining him to comment on the survey are (L-R) Dmitry Yanin, Chairman of the International Confederation of Consumer Organizations; Pyotr Shelisch, Duma Deputy and Chairman of the Consumers Union of Russia; Interactive Research Group Director of Research Tatyana Vereitinova; and PBN Senior Vice President Alexandr Shelemekh.

In addition to raising awareness of the counterfeit epidemic in Russia, the survey is also being used to help bolster CIPR's and the other sponsors' efforts to advocate for stronger anti-counterfeiting and other intellectual property rights legislation.

"Using the results of the survey, CIPR and our partners are making the case to President Putin that Russian consumers want and expect his leadership in solving this multi-billion dollar problem," says PBN's Shelemekh.

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For complete copies of the survey and news coverage visit: www.cipr.org

PBN's WNISEF Client Generates Economic Growth in Ukraine and Moldova

On 20 May 2003, the Western NIS Enterprise Fund released an economic impact study showing that its investments in Ukraine and Moldova were generating an eight-fold increase in economic activity in the two countries.

WNISEF was created in 1994 and capitalized by the U.S. Government with \$150 million for investment in small- and medium-sized companies in Ukraine and Moldova. A PBN client since 2000, WNISEF's outstanding portfolio stands at \$57 million invested in 15 Ukrainian and Moldovan companies.

The study, "Economic Impact of WNISEF Portfolio Companies on Ukrainian and Moldovan Economies," was conducted by the International Center for Policy Studies and found that for every one dollar invested by WNISEF another \$8 in direct, indirect and induced economic activities were generated. This translates into a total economic impact of \$564 million on the regional economies from 1997-2002.

The study, which assessed the business activities of 12 of WNISEF's 15 portfolio companies, found that WNISEF's investments support the following economic activities:

- 10,690 jobs were sustained, resulting in more than \$50.97 million in wages and benefits;
- \$63 million was paid in local and national taxes;
- \$560,000 was spent on charities and community development.

"The study is very important for WNISEF and our portfolio companies. More importantly, I believe these are the most conclusive indications of what additional investment in Ukraine and Moldova can do for these two economies," says Natalie A. Jaresko, WNISEF President and CEO.

Dennis A. Johnson, WNISEF Chairman of the Board of Directors, adds: "It is essential and extremely useful to have specific and real results from which to draw these conclusions. It helps Ukrainian and Moldovan policymakers to understand the necessary

steps to promote better investment climates as a means of improving both economic activity and social welfare of society."

"The level of investment is the main sign of trust from foreign companies in the actions of government. Our main objective today is to continue protecting foreign companies working in Ukraine, secure Ukraine's accession to the WTO, establish a free trade zone with the EU, and tax reform," explains Valeriy Khoroshkovskiy, Minister of Economy and European Integration of Ukraine.

In Ukraine, WNISEF's major portfolio companies include AVK, Ecoprod, Euromart, Micro-Finance Bank, Slobozhanska Budivelna Keramika, and Troyanda. Agroindbank, Glass Container Company, Micro Enterprise Credit and Roua Univeris are among WNISEF's investments in Moldova.

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For more information about WNISEF: www.wnisef.org

To see study visit: <http://www.wnisef.org/FullNews.asp?sLang=EN&nIDNews=900>



WNISEF President and CEO Natalie A. Jaresko explains the results of the economic impact study on WNISEF's investments in Ukraine and Moldova. Joining her are (L-R) Carlos Pascual, US Ambassador to Ukraine; Valeriy Khoroshkovskiy, Minister of Economy and European Integration of Ukraine; and Dennis A. Johnson, WNISEF Chairman of the Board of Directors.

New \$20 Note Unveiled to Stem Counterfeiting

The new "Andrew Jackson" got a global send-off on 13 May 2003 when the U.S. Department of Treasury's Bureau of Engraving and Printing held a news conference in Washington D.C. unveiling the new \$20 note.

In Moscow, the Washington D.C. news conference featuring U.S. Treasury Secretary John W. Snow and Federal Reserve Board Chairman Alan Greenspan, was carried live to a crowded room at the U.S. Embassy of more than 60 reporters and officials of the Russian Central Bank and Ministry of Interior.

The PBN Company serves as communications consultant for Russia to the U.S. Department of Treasury under a subcontract with Burson-Marsteller, which is responsible for the global public education campaign

introducing the newly designed U.S. currency.

U.S. Treasury Secretary Snow said that the "U.S. currency is a worldwide symbol of security and integrity. This new design will help us keep it that way, protecting against counterfeiting and making it easier for people to confirm the authenticity of their hard-earned money."

Chairman Greenspan echoed these comments. "The soundness of the nation's currency is essential to the soundness of its economy," he said. "And, to uphold our currency's soundness, it must be recognized and honored as legal tender, and counterfeiting must be effectively thwarted."

After the United States, Russia has the largest circulation of U.S. currency, making it a priority country for the U.S. Treasury's education campaign. In addition to media work, PBN is working with Russian banks, retailers, businesses and consumers to inform them about the new security features of the \$20 note.

U.S. Ambassador to Russia Alexander Vershbow predicted a smooth introduction of the new notes in Russia. "The color of the U.S. dollar is changing, but not its reliability. The U.S. will be working with the

Russian Central Bank to ensure that the introduction of the new \$20 bill later this year proceeds just as smoothly as was the case during the last design changes in the 1990s."

The new \$20 note will be issued in Fall 2003, with the new designs for the \$50 and \$100 following in 2004 and 2005.

The most noticeable difference in the \$20 note is the subtle green, peach and blue colors featured in the background. Different colors will be used for other denominations.

"From Wall Street to Fleet Street, from St. Petersburg, Florida, to St. Petersburg, Russia, our goal is the seamless, smooth introduction of The New Color of Money," said U.S. Treasurer Rosario Marin.

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For more information, including an image of the new \$20 design: www.moneyfactory.com/newmoney.

PBN Conducts First Opinion Survey of Foreign Nationals in Moscow 12 Years Ago

The PBN Company conducted the first scientific measure of opinions of Moscow's foreign national community more than 12 years ago, when Russia was still part of the Soviet Union.

Conducted in 1991, "The Moscow Poll" assessed the attitudes and opinions of more than 600 American, European and other diplomats, journalists and business executives living in Moscow. The survey covered the perceived likelihood of severe food shortages, the prospect of Western financial aid for the USSR, and a range of quality of life issues. It also assessed the job performance of the KGB, Communist Party and current political leaders, like USSR President Mikhail Gorbachev and Russian Republic President Boris Yeltsin.

At the time, two-thirds of the foreign nationals predicted major food shortages would occur in the winter and that three out of four felt that living conditions for the average Soviet citizens had become worse in the past 12 months. At the same time, the majority of the survey respondents also said that their own quality of life had improved or stayed constant over the past year. More than six in 10 said that Moscow was average or better as a "place to work" compared to other foreign cities.

The most difficult problem in conducting business in Moscow in 1991 was finding adequate retail and commercial space, a problem that no longer exists in today's bustling business environment. Street and road conditions, air pollution and alcoholism were the top three social problems identified in the survey.



TOP: U.S. Federal Reserve spokesperson Rosario Marin speaks via satellite to more than 60 reporters in Moscow about the safety and design features of the new \$20 note. BOTTOM: John Beyrle, Deputy Chief of Mission at the U.S. Embassy, and Mark Dillen, PBN Senior Account Manager, display the newly designed \$20 note at the Moscow press conference.

Moscow taxis were rated as the worst service and subways the best. Moscow received high marks for cultural and other entertainments, but foreign nationals complained about severe shortages of basic goods and services, like international phone service, night clubs, places to eat and food and clothing stores (how times have changed!).

The survey was conducted shortly after the August 1991 failed coup d'etat against Soviet President Mikhail Gorbachev. Both Gorbachev and Yeltsin received high job performance ratings by the foreign nationals participating in the survey (with Gorbachev slightly more popular than Yeltsin). Eighty-six percent of the participants thought that the failed coup would speed up reforms.

Many of the survey respondents proved to be poor predictors of the future geopolitical status of the region. While 45 percent of the survey respondents said that the Soviet Union would break up into several independent states, more than one-third thought that the Soviet Union would survive!

The survey was conducted by The PBN Company with GLS Research, a specialist in public opinion surveys and a long-time partner of the firm.

For copies of The Moscow Poll: www.pbnco.com/pbn_in_print/moscow_poll/index.htm

News from PBN Worldwide

STATESWOMAN. PBN President Susan Thurman has been elected to the National Board of Trustees of The Junior Statesmen Foundation. The Junior Statesmen of America is a student-run nonprofit, nonpartisan organization that teaches high school students in the United States about politics and governments.

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For more information about The Junior Statesmen of America: www.jsa.org

POLITICHESKI DEYATEL (OR STATESMAN). Paul Nathanson will be helping to promote democracy and the rule of law in Russia through his position on the International Advisory Board of the Moscow School of Political Studies. The school is dedicated to teaching young Russian politicians and future Russian leaders about principles of democracy and a civil society.

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For more information about the Moscow School of Political Studies: www.eng.msps.ru

SPEAKING OF A CIVIL SOCIETY. PBN Kyiv has been hired by The World Bank's Ukraine, Belarus and Moldova office to assist with a media relations campaign in support of its Society Transformation Initiative.

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AIR AND SEA WORTHY. The PBN Company has been retained by Transas (TRANsportation SAFety Systems), a St. Petersburg-based company that develops and supplies a wide range of IT solutions for maritime, airborne and ground transport. The company has offices in Russia, the United Kingdom, Germany, Sweden, the U.S., The Netherlands and France. PBN is assisting the company with business-to-business outreach in the U.S. and Western Europe.

For more information on Transas: www.transas.com

RECOGNITION. PBN-DC received a Bulldog Award of Excellence in Media and Publicity for its work in support of an anti-dumping case before the International Trade Commission for the law firm of Willkie, Farr and Gallagher and a coalition of steel consumers. Congratulations Paul and Dara.

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THE DUO. Welcome to two new additions to PBN-Moscow. Tatiana Bessmertnaya and Galina Lyssenko have joined the firm to be part of the project team working on the U.S. Treasury Department's "New Color of Money" public education campaign in Russia.

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BUSINESS DEVELOPMENT. Anastasia (Nastya) Taratina has been named Director of Business Development for the firm's Moscow office. She is identifying emerging issues, companies and trends in the Russian market for the PBN global team. Congratulations Nastya!

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