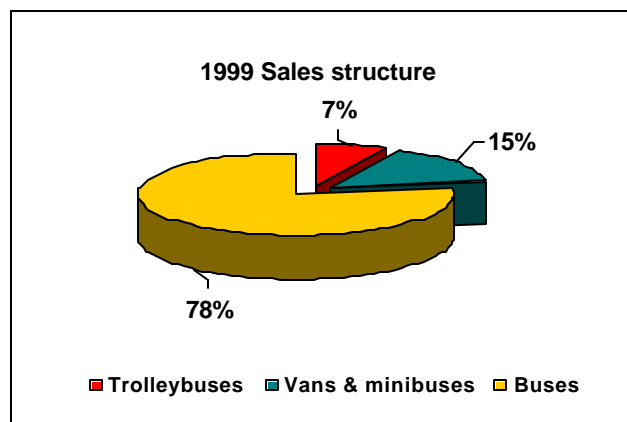


Privatization Opportunity in Romania – Automotive Manufacturer

ROCAR S.A. Bucharest

COMPANY PROFILE

ROCAR, the sole producer of buses in Romania, designs and manufactures city buses, trolley-buses and light commercial vehicles, and related spare parts. The company's main product is the modern U412 city bus (50% integrated at ROCAR). ROCAR has also designed a modern low-floor trolley-bus. In 1999, ROCAR's main customer was RATB-the Bucharest Public Transportation Company. ROCAR is estimated to have an 80-85% market share for the local market for buses. The company sold 145 units in the year 1999 on the local market, of which 31 were modern U412 buses. Turnover in 1999 was USD 7,232,000. The structure of ROCAR's sales (in USD) for the year 1999 is as follows:



The company has the ISO 9001 certificate granted by RAR-the Romanian Cars Registry. ROCAR S.A. is located in Bucharest, Romania, in the southern section of the city, with direct road and rail access. of road

PRODUCTS & SERVICES

ROCAR's main products are classified as follows:

VEHICLE TYPE			
CITY BUSES	U 412:	U 410:	U 312:
Total seats:	25+75+1	31+39+1	25+78+1
Engine:	MAN, diesel	MAN, diesel	RABA, diesel
Maximum engine power:	260 HP	220 HP	245 HP
Gear box (automatic):	VOITH DIWA	VOITH DIWA	VOITH DIWA
Gross vehicle weight	17 750 kg	14 950 kg	18 200 kg

VEHICLE TYPE		
TROLLEY BUSES	E 217	EA 412
Total seats:	39+117+1	25+93+1
Traction engine	MABT6 MER	TN 81
Nominal voltage	750 V DC	500 Va
Nominal power:	175 kW	155 kW

VEHICLE TYPE			
VANS, MINIBUSES, PICK-UPS:	T 207	35 C-AVANT:	40 C:
Total seats:	24+1	3	3
Payload	Not available	1 300 kg.	1 610 kg
Engine	RENAULT, D, Euro 2	Renault/Andoria	Renault/Andoria
Maximum engine power	175 HP	106/90 HP	106/90 HP
Gear box	ISAMA S5-45	ZF S5 24/3	F S5 23/4/ISAMA
Gross vehicle weight	7 276 kg.	3 500 kg.	4 000 kg.

PLANT & EQUIPMENT

Rocar SA owns a total land area of 253,066 sqm in seven plots. The total built area is 130,657 sqm and the total footprint area of all buildings is 115,199 sqm. The main site has a land area of 215,860 sqm, a footprint area of 110,298 sqm and a built area of 123,997 sqm.

The company has 6 production sections, as follows:

- ◆ Pressing- forging section
- ◆ Mechanical preparation section
- ◆ Chassis- & body section
- ◆ Painting
- ◆ Final assembly line (electronic, electrical, pneumatic)
- ◆ Mechanical and energy section (general repairs, fire brigade, thermal center, electrical center, compressors)

Machinery and equipment in general are manufactured in Romania or the former Eastern Bloc. Tooling machines date to the 1970s. Welding equipment naturally has been updated, though assembly lines are labor intensive with manual welding frames and a low level of automation.

The Company has acquired a Schlick (late 1990's) complex process line for sanding, painting & drying. This high-tech process line is a recent investment and high quality piece of equipment. Though the Forge Plant is rather dated, the Press Shop has a number of large scale forming presses mainly of East German manufacture.

PERSONNEL

The structure of personnel by category and its evolution during the 1998-1999 period is presented in the following table:

	1999	1998
Management	3	4
Financial – accounting	22	26
Production	1,070	1,746
Other services	248	439
Administration	67	76
Total	1,410	2,291

The monthly average gross salary in 1999 was US\$ 153, compared to US\$ 154 in 1998.

FINANCIAL OVERVIEW — BASED ON UNAUDITED ROMANIAN ACCOUNTS

Year ends 31 December, in USD'000	H1'2000	1999	1998	1997
Domestic Sales	2,418	7,170	29,291	N/av.
Export Sales	4	62	156	N/av.
Total Sales	2,422	7,232	29,447	25,455
Net Income	(491)	55	330	377
Working Capital	(3,879)	(548)	(1,070)	127
PP&E	17,325	20,474	3,114	4,092
Total Assets	22,566	30,383	15,101	12,867
Total Borrowings	619	1,059	1,505	0
Equity	13,485	21,346	3,938	5,173
Average exchange rate (ROL/USD)	19,594	15,340	8,872	7,171
EOP exchange rate (ROL/USD)	21,358	18,255	10,951	8,023

SHARES AND SHAREHOLDING STRUCTURE

ROCAR is a joint-stock company with a registered share capital of ROL 32,275m divided into 32,275,280 shares with a nominal value of ROL 1,000. The ownership structure of the company is shown in the table below:

Shareholder	Number of shares held	Stake in the company (%)
Authority for Privatization	21,789,041	67.5100
Natural/Legal persons	10,486,078	32.4895
SIF	161	0.0005
TOTAL	32,275,280	100.00

ROCAR is traded on the 2nd Tier of the Bucharest Stock Exchange under the symbol RCR.

COMPANY STRENGTHS & OPPORTUNITIES

- ◆ Modern products with western design adapted to European regulations and standards;
- ◆ ISO 9001 certified by the Romanian Automotive Registration;
- ◆ Skilled and inexpensive labor force;
- ◆ Located in Bucharest with easy access to roads and railway;
- ◆ Improved prospects for the local market and the Bucharest Transportation Company;
- ◆ Attractive for European producers wanting to set up a low -cost assembly operation;
- ◆ Sales can be developed around the core products the U412 bus and the low -floor trolley through a more aggressive marketing strategy;

PRIVATIZATION OF ROCAR S.A.

- ◆ The Romanian Authority for Privatization intends to launch the procedures for privatization of ROCAR S.A. in the spring of 2001. Barents Group LLC, in collaboration with Alpha Finance Romania, KPMG Romania and Arent Fox Kintner Plotkin and Kahn, has been appointed exclusive privatization advisor to the Romanian Authority for Privatization for the sale of its stake in ROCAR.
- ◆ The Authority for Privatization's objective in privatizing ROCAR is to attract a strategic investor to provide the company with a strong, market-oriented owner that can provide excellent management, sales and marketing channels, modern technology, and investments.
- ◆ Interested investors are invited to submit non-binding Expressions of Interest for their participation in the privatization of ROCAR Bucuresti. Following signature of a Confidentiality Agreement, potential investors will be allowed access to the company and plant site for initial information collection in anticipation of the announcement of the international tender and subsequent full due diligence access later this year.

For further information, please contact:

Ioanna Kokkino
Barents Group of KPMG Consulting, USA
Bd. Titulescu, BL A7, SC.2, Apt. 44, Bucharest, Romania
Tel: +40-1-212 5525
Fax: +40-1-212 5568
E-mail: barents@fx.ro

Max Danilov,
Alpha Finance
85 Grigore Alexandrescu Str., Bucharest, Romania
Tel: +40-1-212 2465
Fax: +40-1-212 2007
Email: M.danilov@alphafinance.ro

Expressions of Interest should be sent to the Project Implementation Unit and the privatization advisor at the addresses below:

Adriana Miron, Director, Head of PIU
Authority for Privatization
Str. Lipscani 18-20, Bucharest Sector 3, ROMANIA
Tel: +40-1-303 6396
Fax: +40-1-310 1690
E-mail: droi@fps.ro

Edward Grosso, Project Director
Barents Group of KPMG Consulting, USA
Bd. Titulescu, BL A7, SC.2, Apt. 44, Bucharest, ROMANIA
Tel: +40-1-212 5525
Fax: +40-1-212 5568
E-mail: barents@fx.ro

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