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Press Release

Energy Alliance Offers Ukrainian Industry Energy Efficiency and Manufacturing Cost Savings

Kyiv, Ukraine – October 24, 2003 – Western NIS Enterprise Fund (WNISEF), the region’s leading private equity fund investing in small- and medium-sized private enterprises in Ukraine and Moldova, announced the establishment of Energy Alliance, a unique company in Ukraine that will specialize in the design and implementation of energy efficiency projects in local industry. WNISEF is the company’s major shareholder, with a 59.9% ownership stake valued at \$2 million. Other shareholders include the country’s largest glass manufacturer Hostomel Glass Plant and one of the leading national engineering firms Turbo-Spektr.

Energy Alliance will install cogeneration systems that simultaneously generate both power and usable heat energy at industrial sites where energy is a major cost component. “The concept of cogeneration has a long and successful history of application in Europe and the U.S. Energy Alliance will make energy efficiency a reality for local industry seeking opportunities to significantly increase their competitiveness through the identification of reliable and cost-effective sources of energy,” said Maxim Burtovy, Energy Alliance’s Chief Executive Officer.

Energy Alliance will assist industry in optimizing its energy consumption through the use of modern power generating equipment. The average price per 1 kilowatt under a cogeneration project is considerably lower as compared with the average cost per 1 kilowatt charged by local electricity distributing companies (oblenergots). The reduction of the energy cost component for manufactured goods will make them more competitive both domestically and in export markets. Energy Alliance’s services will minimize the capital investment required from an industrial user, leaving capital free for reinvestment in equipment modernization and refurbishment. In addition, industrial users will avoid the losses associated with the transmission and distribution of electricity from remotely located power stations. “By having such a system on site, a company secures a stable and reliable source of electricity and heat or steam, and is immune to energy cuts and energy price increases. This is definitely a very attractive alternative to traditional energy sources for a wide range of industries,” added Maxim Burtovy.

“We are very excited to bring Energy Alliance into the Ukrainian market. The economic benefits to its clients will be substantial, while the overall effect on the Ukrainian economy and environment is impressive,” stated Natalie A. Jaresko, Western NIS Enterprise Fund President and Chief Executive Officer. “In countries where cogeneration is deployed widely, it has proven to be an effective tool in liberalizing energy markets. In Ukraine, where energy efficiency is an especially crucial area requiring substantial attention and investment, Energy Alliance will be hard at work creating value for its customer and society.”

WNISEF seeks to identify and invest in securities of private companies with outstanding growth potential and the ability to build competitive advantages in the marketplace. Since inception, the cumulative investment commitment of WNISEF totals \$85.5 million to 27 companies in Ukraine and Moldova, employing over 15,000 people.

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