

Our Web Site

Brera's name was inspired by Palazzo Brera in Milano – home to the Accademia di Belle Arti, renowned throughout the world for its creativity, and to the Art Gallery, celebrated for its collection of immense, enduring value.



B R E R A

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Brera Capital Partners is a global private equity investment firm that seeks to achieve superior returns by investing in controlling positions in a select group of companies with unique potential for sustained capital appreciation.

We are committed to working in true partnership with the management of each company in which we invest to ensure that decisions are based on doing what is right for the company and to build on the company's fundamental strengths.

Brera's role is to support the efforts of management to improve a company by providing both the necessary capital and strategic guidance, based on our proven financial and operating capabilities. We believe in creating long-term value by building successful companies.

Brera Capital Partners, LLC, is a global private equity investment firm that seeks to invest in controlling positions in a select group of companies. Our investments are made through a \$680 million fund, Brera Capital Partners Limited Partnership.

Brera concentrates its resources on realizing a company's full potential in close partnership with management and with full respect for management's prerogatives. We seek to achieve superior returns by improving the fundamental strength and performance of each company in which we invest. We believe that by building better companies we will create value substantially independent of the fluctuations of the financial markets.

Sharp Focus On Each Company

Brera views each company in which we invest as a unique asset – never as just part of a portfolio – and we actively exercise the responsibilities of ownership in each company. This approach is distinct from that of most private equity firms, which aim to achieve their return objectives for a portfolio as a whole. We invest only in situations where Brera and the management team clearly share a precise strategic direction and vision for the company. We focus sharply on each investment and engage with management in a continuous effort to enhance that company's unique, fundamental strengths.

Our role as active owners is to support management with the resources it needs – not only capital, but also the wide experience, the special expertise and the contacts of Brera's professionals. We share insights and ideas with management. At the same time, we firmly believe that the responsibility for running the business must rest solely with the executives of that company.

We invest in a company only when we have strong confidence in its management and are certain that Brera and management share the same vision and goals for the company and agree that the principle of doing what is right for the company will always govern the decision-making process.

Long-Term Investors

Our goal is to realize economic rewards by helping successful companies fulfill their potential for growth; we do not seek quick profits. Brera is a long-term investor, and we seek to build the intrinsic value of a business on a sustained basis.

Brera invests in a select group of companies where we can add value by contributing our expertise and capital in a true partnership with management. To identify investments that meet our requirements, we engage in a thorough process of carefully evaluating all potential investment opportunities. In particular, we focus on investing in controlling interests in companies with strong potential for sustained capital appreciation.

Often these companies are:

- non-core and often under-performing operations of large corporations
- private or publicly held companies undergoing a strategic transition
- companies that require growth capital

Brera's investments take the form of traditional management buyouts, recapitalizations (including controlling minority investments) or restructurings. We prefer to invest in companies with an enterprise value of over \$250 million or the potential to achieve at least that level. We can provide directly more than \$150 million of equity capital for each transaction and call on our investors for co-investment capital for larger opportunities.

Forging Close Ties With Management

Brera invests only on a friendly basis and only after we have established a positive relationship with management based on sharing the same vision and goals for the company. Before investing, we work with management to identify the company's key needs and develop a detailed strategic business plan. Based on this plan, Brera designs a financial structure that will ensure adequate capital for the company's needs. With the plan in place, the management team continues to exercise sole responsibility for running the company and implementing the plan. Brera's responsibility is to support management by actively contributing our financial and operational expertise to help achieve the goals that management and Brera have set together.

Brera seeks superior returns in the long term by building successful companies. We have no predetermined holding periods or arbitrary exit strategies. The ultimate decision to achieve realization of an investment will be based on a careful, joint evaluation with management of what is in the best strategic interest of the company.

At Brera, we believe that the best way to create value is to form a close partnership with the management of each company in which we invest. True partnership encourages collegiality, open communication and prompt decision-making. In evaluating investment prospects, we look for management partners who are dedicated to improving their companies' fundamental strengths and have a true passion to do so. We view our role as facilitating the achievement of management's vision for a company, encouraging and enabling executive ownership, and helping to reposition the company in light of industry conditions.

As investors, we always respect management's prerogative to run the company. At the same time, we believe that an effective partnership with management is founded on close operational and financial ties that require a common understanding of the needs of the business, a shared vision for growth, and mutual decision-making that is governed by the principle of doing what is right for the company.

Distinct Responsibilities

Brera's commitment to partnership begins even before we invest – by working with management to develop a detailed strategic plan to realize a company's full potential. Management clearly is responsible for executing the plan, while our role is to support management with all of our capabilities – capital, financial and operational experience, and specialized knowledge of relevant industries and markets.

Typically, two or more Brera professionals sit on the board of each of our companies, with one serving as non-executive chairman. We share our insights and ideas constructively with management. We regularly review a company's capital structure and cash needs, seek complementary acquisitions and monitor its strategic position. We also make appropriate capital resources available, as needed, to fund internal growth and facilitate acquisitions.

Recognition and Rewards

At Brera, we recognize the importance of encouraging executives to become owners of their own company and to focus all of their managerial and entrepreneurial skills on building that company. In fact, we believe that management should have a significant equity ownership in the company in the form of a direct investment and incentive options. Brera's professionals have the experience necessary to achieve this goal, as well as skill in designing appropriate executive compensation packages carefully tailored to the specific needs of each company.

Brera was formed when Alberto Criatore, after 25 years in the private investment business, joined with other seasoned professionals to focus their experience and skills on the challenge of building successful companies.

Brera's Unique Capabilities

Brera has unique capabilities, founded on the diverse backgrounds and complementary strengths of our people. In addition to capital, we bring to every investment extensive financial and managerial experience and in-depth knowledge of the management buy-out process. Brera's professionals have experience directly relevant to the elements of successful investment in a wide spectrum of industries and geographic markets. Our people have been active in the telecommunications, healthcare, financial services and outsourcing industries, and maintain wide networks of relationships in these and many other industries.

Because of our years of personal experience, we bring important qualities and skills to every investment, including a detailed understanding of the prospects of the businesses in which we invest, proven skill in dealing with relationship issues and absolute integrity, discretion and professionalism. In particular, we have broad experience in maintaining long-term relationships with the former corporate parents of companies we have acquired. Former parents often are in a position to continue using the new company as a provider of products or services. We understand the importance of these relationships and have played a key role in intricate negotiations to sustain them and to manage relationship issues for the benefit of all involved.

Similarly, we are able to provide critical support to newly divested companies that have relied on former parents for expertise in such areas as insurance, human resources, legal counsel, marketing and public relations. Brera has strong capabilities in these areas, complemented by a network of working relationships with leading professional services firms.

Geographic Focus

The U.S. market has been and continues to be our main focus, but we are increasingly exploring opportunities in Asia, mainly Japan, and in Southern Europe, primarily Italy. Thanks to the backgrounds of Brera's professionals, we enjoy a competitive advantage in these regions of the world.

Brera invests for the long term and in a very limited number of companies. We want to ensure that we can devote the appropriate resources to each investment and achieve our goal of creating sustainable value through a patient process of building on each company's unique, fundamental strengths. We invest only after careful evaluation of the target company and its management to ensure a good fit with Brera's capabilities, people and investment philosophy.

Efficiency of Private Capital

We recognize that private equity can be the most efficient source of capital and strategic assistance when a healthy company needs to reposition and strengthen itself in a challenging, competitive and evolving environment in order to fulfill its growth potential.

Changes in technology, customer needs, industry consolidation or deregulation can present significant opportunities or challenges to any senior management. Under these circumstances, we believe that private companies – supported by active, dedicated, responsible ownership – are especially well-suited to take advantage of opportunities to deploy long-term capital and reposition operations to compete more effectively. Private capital is free of the short-term pressures of the public market where investors often focus on quarterly results and analysts frequently offer only cursory understanding. In addition, private equity ownership gives a company access to highly experienced professionals who are dedicated exclusively to the success of that company.

Brera's Contributions

Brera brings to each company in which we invest both long-term capital and critical expertise. Equally important, we bring a deep understanding of the needs of the business and a partnership with management dedicated exclusively to strengthening the company and creating long-term value.

Jennifer Abbondanza

Jennifer Abbondanza joined Brera in May 2000 after serving as an Associate at Weiss, Peck & Greer, LLC, a private equity firm focusing on leveraged buy-out transactions in the middle-market sector. Earlier, Ms. Abbondanza was an investment banker in the New York office of the Global Mergers, Acquisitions and Corporate Advisory Department of Deutsche Banc Alex. Brown, formerly Wolfensohn & Co., Inc., where she focused primarily on the media, lodging and real estate industries.

Ms. Abbondanza holds a B.A. degree in Economics from Princeton University. She is a member of the New York Athletic Club women's soccer team and is an active member of New York Cares, a non-profit organization dedicated to improving New York City through volunteer service.

Alberto Cribiore

Prior to forming Brera Capital Partners in 1997, Alberto Cribiore was Co-President at Clayton, Dubilier & Rice, Inc., which he joined in 1985 as one of three principal shareholders. He had previously been a Senior Vice President at Warner Communications, where he was responsible for mergers, acquisitions and divestitures.

Mr. Cribiore is a cum laude graduate of Bocconi University in Milan, Italy, and holds a degree in Business Administration and Economics. He serves on the Boards of Directors of Merrill Lynch & Co., Inc., 2-10 Home Buyers Warranty, GAB Robins, and Western Industries, Inc.

Mr. Cribiore is a member of the Boards of Trustees of Reed College, a Managing Director of the Metropolitan Opera Association, and the Chairman of the New York City Chapter of the Bocconi University Alumni Association, and a Director of the Council for the United States and Italy.

John Geisler

From May 1998 until he joined Brera in 2000, John Geisler was President of Rosecliff Inc. and General Partner of the Rosecliff Partnerships. He also served as Managing Director of Rosecliff, Inc., beginning in May 1995. From March 1990 to May 1995, Mr. Geisler was a Managing Director and Chief Financial Officer of Oak Hill Partners, Inc., the investment advisor to Acadia Partners, L.P., and its affiliated entities, including Insurance Partners, L.P. and Penobscot Partners, L.P. Prior to 1990, he held senior management positions with Lehman Brothers, The Chase Manhattan Bank, N.A., and Coopers & Lybrand.

Mr. Geisler has sourced, negotiated, structured, financed and monitored private equity investments in a variety of industries. He also serves on the Boards of Directors of 2-10 Home Buyers Warranty, Western Industries and GAB Robins.

Mr. Geisler is a magna cum laude graduate of Adelphi University with a B.B.A. degree. He is also a member of the New York State Society of CPAs and of the American Institute of CPAs.

Michael Karangelen

Michael Karangelen joined Brera in 1999 from Eschelon Telecom, Inc. (formerly Advanced Telecommunications, Inc.), where he served as Director of Business Development and was responsible for mergers and acquisitions, business development and financing. Previously, Mr. Karangelen was a Partner with Stolberg Partners, a private equity firm.

Mr. Karangelen began his career with Goldman, Sachs & Co., where he worked in the Financial Institutions Group of the Mergers & Acquisitions Department. He also served in both the New York and London offices of the Investment Banking Group of S.G. Warburg.

He holds a B.A. from Cornell University. Mr. Karangelen serves as a member of the Boards of Directors of Western Industries, Anaheim Manufacturing and GAB Robins. He is involved in several Cornell related organizations, including serving as a Board Member of the Entrepreneurship & Personal Enterprise Program and the College of Arts & Sciences Advisory Council. He is also a Trustee of the Student Agencies Foundation and a member of the Board of Directors of Student Agencies, Inc.

Raymond Shu

Raymond Shu joined Brera in 2001, after serving as an Associate at TSG Capital Group, LLC, a private equity firm focused on companies that serve the ethnic minority population. Previously, Mr. Shu worked as an investment banker in the Mergers and Acquisitions group of J.P. Morgan Chase and in the Financial Institutions group of Merrill Lynch.

Mr. Shu holds a M.S. degree in Management Science and Engineering and a B.A. degree in Economics from Stanford University.

Jun Tsusaka

Jun Tsusaka is Chairman of Global Operations for the GAB Robins Group of Companies. GAB Robins is a leading global provider of world class claims management solutions and services to the insurance and self-insured marketplace.

Mr. Tsusaka is also a Principal at Brera Capital Partners, LLC, a global private equity investment firm based in New York City. Brera Capital Partners, which owns the majority interest in GAB Robins, invests in a limited number of companies in a few select industries, including financial services.

Prior to helping found Brera Capital Partners in 1997, Mr. Tsusaka was Senior Advisor to the Stenbeck family, which held controlling interests in financial services, telecommunications, media and paper and packaging assets. He was also Senior Executive Vice President and Executive Director at Millicom International Cellular S.A. At Millicom, he was responsible for the company's global network of joint ventures, with over two million subscribers around the world.

Earlier, Mr. Tsusaka served as a Vice President in the Mergers and Acquisitions Department at Goldman Sachs & Co., where he was one of the senior bankers responsible for healthcare and technology transactions.

Mr. Tsusaka earned a BS in Economics and East Asian Studies from Harvard College and a Masters in Business Administration from the Harvard Graduate School of Business Administration. He also serves as Chairman and Director of 2-10 Home Buyers Warranty, a leading risk management company that serves the residential building industry.

Stacy Vitale

Stacy Vitale came to Brera in 2000 after serving as a Vice President at INVESCO Private Capital (formerly Chancellor), where she was responsible for the financial and tax reporting for all private equity funds. Previously, Mrs. Vitale served as a supervisor of accounting for Prudential Securities' real estate and commodity limited partnerships. She began her career as an accountant for Rosecliff Inc. and Oak Hill Partners, Inc., the investment advisors to Acadia Partners, L.P., and its affiliated entities, including Insurance Partners, L.P. and Penobscot Partners, L.P.

Mrs. Vitale holds an M.A. in Finance and a B.A. in Finance and Economics from The Catholic University of America. She is a Certified Public Accountant and member of the AICPA and NJSCPA, as well as a Chartered Financial Analyst and member of the AIMR and NYSSA.

Nicola Volpi

Prior to joining Brera in 2000, Mr. Volpi was with Index Securities in Geneva, Switzerland, where he advised an Italian professional soccer team on its financial restructuring through solicitation and execution of strategic and financial partnerships. Previously, Mr. Volpi was with Merrill Lynch Investment Banking, where he served in the New York and Tokyo offices of the firm's Financial Institutions Group.

Mr. Volpi is a magna cum laude graduate of Georgetown University and holds an M.B.A. from Stanford University. He is an Italian citizen and lived in Japan for more than 17 years.

Joseph Zubretsky

Joseph Zubretsky became a Special Partner of Brera in 2001, focusing on the insurance and financial services sectors. Mr. Zubretsky is also Chairman, President and Chief Executive Officer of GAB Robins, a Brera portfolio company, which provides the world's most comprehensive network of loss adjusting, third party administration and managed care services.

Mr. Zubretsky has spent his career in the insurance and financial services industries. He joined Coopers & Lybrand in 1982 and was admitted in 1990 as a partner in its National Insurance Industry Group, where he served some of that firm's largest and most prestigious insurance clients. In 1996, he joined Healthsource, Inc., one of America's fastest-growing, publicly traded health maintenance organizations, as Chief Financial Officer. In 1997, Mr. Zubretsky became Executive Vice President of Business Development and Chief Financial Officer of MassMutual, the sixth largest mutual life insurance company in the U.S. with over \$200 billion in assets under management.

Mr. Zubretsky holds a B.S. degree from the University of Hartford. He serves on the Board of Directors of 2-10 Home Buyers Warranty.

GAB Robins

GAB Robins, headquartered in Parsippany, New Jersey, is a provider of services to insurance companies, self-insured corporations and government entities. The Company is the second largest independent loss adjustment provider and a leading independent provider of third-party claims administration for the alternative risk market. The Company operates in 42 countries and provides the world's most comprehensive network of loss adjustment, risk management and investigative services. With more than 4,000 employees worldwide, GAB Robins handles more than 1.7 million claims annually.

During the Company's 100-year history, GAB Robins has distinguished itself from others by providing the best-qualified loss adjusters to handle large and complex losses. The Company's Executive General Adjusters (EGAs) and National General Adjusters (NGAs) offer unparalleled insight and support and are among the most senior and most accomplished adjusters in the industry. In addition to handling property claims, GAB Robins' adjusters are specialists in evaluating a wide variety of injuries and losses. Included in their areas of expertise are Agri-Business, Aviation, Inland and Ocean Marine, and Truck & Heavy Equipment.

As a third-party administrator, GAB Robins serves the self-funded employee benefit market by helping employers manage their employees' return to health and minimize lost workdays while controlling healthcare costs. The Company does this by integrating claims administrative services with high quality managed care. GAB also handles a wide range of liability claims, including auto, professional liability, medical malpractice, pollution liability, errors and omissions, personal injury, liquor law and landlord/owner's and tenant liability claims.

Our Investments

Continued

2-10 Home Buyers Warranty

2-10 Home Buyers Warranty, headquartered in Denver, Colorado, is a risk-management company servicing the homebuilding industry. The Company is a leading provider of warranty services to builders, realtors and homeowners and is the only market participant offering both new home and pre-owned home warranty products and home service contracts on a nationwide basis. 2-10 HBW derives its success from its extensive customer base, its well-developed delivery systems and its product and service competencies cultivated over more than two decades of industry leadership.

2-10 HBW's primary business unit, the New Home Warranty Division, is the nation's leading provider of new home insurance-backed warranties, offering the market's most extensive warranty to over 15,000 builders on approximately 1.5 million homes in 48 states and the District of Columbia. The 2-10 new home warranty provides a written agreement among the builder, the homeowner, and 2-10 HBW that clearly defines the builder's work product obligations related to workmanship and system defects. Through its managing general agency, HBW Insurance Services, this division also bundles the 2-10 new home warranty with builders' general liability insurance to provide a comprehensive risk management solution to homebuilders.

The Resale Warranty Division markets pre-owned home warranties nationwide and has over 140,000 contracts in-force. These consist of renewable, one-year limited home service agreements that help protect homeowners against the cost of repair or replacement of covered appliance and major systems that break down due to normal wear and tear. Most pre-owned home warranties are purchased in conjunction with the sale of a home. Realtors represent the largest indirect distribution channel for one-year home warranties and service contracts. 2-10 HBW has relationships with 13,500 real estate firms across the nation, with product exposure to more than 100,000 additional real estate agents through an alliance with RELO®.

For more information, visit www.2-10.com.

Our Investments

Continued

Italtel

Italtel, headquartered in Milan, Italy, is one of the 10 largest suppliers of telecommunication systems worldwide. Italtel's core business is the design, development and implementation of integrated voice/data networks. Its solutions are intended for traditional carriers, emerging telecom operators, Internet Service Providers and major corporations.

Italtel is one of the few companies worldwide with the know-how to develop networks integrating the diverse elements of multimedia terminals, access, transport, switching and routers using both proprietary and third party technologies. In addition, its systems integration expertise allows the Company to deliver reliable network infrastructures that have significant flexibility as well as internetworking capabilities.

Italtel has 27 million lines installed worldwide and ranks number one in Italy, one of Europe's most competitive markets. It has installed fixed networks in more than 20 countries, including Italy, Spain, Russia, Latin America (Argentina, Chile, Columbia) and Hong Kong. The Company has more than 4,500 employees, 35 percent of whom work in leading-edge research areas.

Italtel and Cisco Systems (which owns 19.9% of Italtel) have formed a technological and commercial partnership to supply advanced solutions for carriers and service providers active in the net economy. Italtel's other shareholders include Telecom Italia, CD&R, Advent International and Brera.

Western Industries

Western Industries, based in Milwaukee, Wisconsin, is a leading North American outsource manufacturer, assembler and packager of molded plastic and fabricated metal products for leading original equipment manufacturers (“OEM”) in the home and outdoor, appliance, agriculture and construction equipment markets. With seven factories located throughout the United States, Western has been a key, strategic supplier to leading OEMs, such as General Electric, Newell Rubbermaid, CNH and John Deere for many years.

The Company’s competitive advantages include strong application engineering skills, lean manufacturing structure and dedicated people who take pride in the quality products they manufacture. Western’s engineering expertise allows the Company to utilize its manufacturing capabilities to provide high quality products at competitive cost to its customers. As OEMs continue to put emphasis on outsourcing, Western seeks to establish partnering relationships that enable it to enter new and expanding markets where the Company’s resources can provide higher value-added products. The Graham Group and Brera share the equity investment in Western on an equal basis. The Graham Group is a privately held concern founded in 1960 that is comprised of industrial and investment businesses with over \$1 billion in net assets. Operating in some 60 locations worldwide, Graham’s industrial businesses manufacture consumer, industrial and building products.

The following are summary descriptions of investments in which the Brera principals were significantly involved prior to the formation of Brera Capital Partners.

BW/IP International

A major worldwide supplier of fluid transfer and control equipment primarily to the power and petrochemical industries, BW/IP was acquired from Borg Warner for \$234 million in 1987. The company introduced a series of industry – and application-specific service plans that greatly enhanced sales of its high margin spare parts. BW/IP subsequently acquired United Centrifugal Pumps Company, a provider of complementary products to the petroleum sector.

BW/IP's revenues grew from \$430.4 million at an average annual compound rate of 11.9 percent, and its EBIT from ongoing businesses increased at a rate of 18.9 percent to \$64.8 million. In 1991, BW/IP completed an initial public offering and is an NYSE company.

Classic Communications, Inc.

Classic Communications, Inc. is a non-metropolitan cable operator in the south central U.S. In July 1999, Brera and a co-investor group provided Classic with equity capital. That allowed Classic to merge with the Buford Group and, a short time later, to acquire Star Cable Associates. Collectively, these three operations formed the 11th largest cable operator in the U.S., with approximately 570 cable systems passing 700,000 homes and serving over 300,000 subscribers in 10 states.

Approximately 71% of Classic's customers reside in a county seat or are located within a 30-mile radius of a county seat. These markets typically have (a) larger populations, (b) more favorable demographics, (c) higher growth characteristics and (d) stronger economic activity than other non-metropolitan markets.

Classic is focused on increasing the revenue-generating bandwidth of its cable plant. The Company is in the process of enhancing the services which it offers to its subscribers by upgrading or rebuilding cable plant, and

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consolidating headends. As a result of this process, the Company has been able to launch a digital video service and a high-speed data product.

Classic Communications completed an initial public offering in December 1999. The company's stock is traded on the NASDAQ under the symbol of "CLSC".

For more information, visit www.classic-cable.com

Kendall International

Purchased from Colgate-Palmolive Company in 1988 for \$960 million, Kendall manufactures, markets and distributes disposable medical supplies and devices to hospitals and other health care facilities, as well as home healthcare products to pharmacies and other retail outlets worldwide.

Following a difficult period resulting from a change in the competitive environment due to new federal government health reimbursement regulations, as well as the loss of a major customer resulting from the collapse of the Russian economy, Kendall's operations and finances were significantly restructured. Research and development increased both internally and through strategic alliances. Product lines were streamlined to capture market share and increase penetration in more rapidly growing markets. Foreign marketing efforts were reorganized and strengthened.

Kendall was reshaped into a successful healthcare company with continuously improving operating margins and strong market share in numerous product categories. The aggregate investment of \$133.1 million resulted in a realized value of \$329.3 million. Kendall was purchased by Tyco International in 1994.

O.M. Scott & Sons

Acquired from ITT Corporation in 1986 for \$230 million, Scott is the dominant company in the homeowner lawn care industry and is a leading supplier of turf care products to commercial users. Scott was refocused by splitting the company into two businesses, commercial and consumer. Hyponex, the largest supplier of organic lawn and garden products in the

U.S., was acquired to provide a number of highly complementary product lines.

Research and development expenditures were greatly expanded, resulting in the introduction of 43 distinct new products. Scott's sales more than doubled from \$192.4 million to \$413.6 million in under six years, while earnings increased from \$20.6 million to \$42.2 million. The company completed an initial public offering in 1992 and is a NASDAQ listed company.

Riverwood International Corporation

Riverwood is a leading supplier of paperboard packaging solutions to multinational beverage and consumer products companies such as Anheuser-Busch, Miller Brewing, numerous Coca-Cola and Pepsi-Cola bottling companies, and Unilever. Riverwood was acquired in 1996 when the Manville Trust decided to sell its 80 percent ownership in the business.

Responding to a difficult market that had significantly reduced prices in several product areas, non-core assets were divested to focus the company's energies on its main business. Management was strengthened while the company's costs were pared. Emphasis was placed on completing a substantial capital expenditure program designed to shift the company's business from more cyclical grades of containerboard to the proprietary, high application oriented coated board segment. The repositioning of the business is expected to restore the past diminution in value and materially increase future value.

Van Kampen American Capital

Van Kampen, a fixed income money management firm that provides investment advisory services to open-end and closed unit investment trusts and institutional clients, was acquired from Xerox Corporation in 1993 for \$359 million. American Capital, an equity-oriented money management company, was acquired from Travelers in 1994 for \$432 million. Its equity-oriented products were complementary to Van Kampen's, and allowed the creation of a "full family of funds" to be offered to retail investors.

Operating profits more than doubled in three years as the company improved its competitive position in the mutual fund industry. In 1996, VKAC was sold to Morgan Stanley & Co. for approximately \$1.2 billion.

WESCO Distribution

Established in 1922 as a captive distributor of Westinghouse Corporation's own power products and appliance lines, WESCO is a leading full-line North American distributor of electrical products. The company was purchased from Westinghouse in 1994 for \$330 million.

The strategic actions taken resulted in a strengthening of management and a streamlining of the product mix, which featured 130,000 items at the time of acquisition. In addition, operations at both the store and distribution center levels were rationalized, and inventory control systems were dramatically improved. Company-wide incentive systems were implemented that create and reward accountability by product line and business segment. A number of complementary acquisitions were also consummated, adding \$326.3 million in sales. Revenues for 1996 were \$2.285 billion, a 45 percent increase since year-end 1993, with EBITDA climbing to \$81 million from only \$4.4 million at the time of acquisition.

The dramatically improved company was sold June 5, 1998 to The Cypress Group for \$1.1 billion. The cash return of this investment was \$511 million or 6.1x the original equity with an IRR of 52%.

3M
ABB Anlagestiftung-Private Equity
World 1
Audese Investments LLC
Banc One Capital Corporation
Bank of America Capital Corporation
Bayer Corporation
Beekman Vista, Inc.
BT Investment Partners, Inc.
Cascade Investment, LLC
Citigroup
CMS SPV, L.P.
CYMI, Ltd.
DLJ Private Equity Partners Funds
Duke Management Company
Ehrenkranz & Ehrenkranz LLP
Electra Investment Trust PLC
Fayez Sarofim
FIMA Finance Management, Inc.
Fleet Equity Partners
Graham Companies
GS Private Equity Partners, L.P.
Houston Firefighters' Relief and
Retirement Fund
Houston Municipal Employees
Pension System
JP Morgan Partners
Lexington Partners-Hamilton Lane
2000, LLC
Merrill Lynch Private Equity
Fund, LLC
Merrill Lynch Private Equity
Offshore Fund, L.P.
Monteverdi Associates
Nassau Capital Funds, L.P.
News America Incorporated
Northwestern University
Palmetto Partners, Ltd.
Qwest, Asset Management
Shell Pension Trust Limited
Teachers' Retirement System
of Louisiana
Tucker Anthony Private Equity
Fund, L.P.
UNC Investment Fund, Inc.
Wilshire Associates Private
Markets Group

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