



MAKOVSKY+COMPANY
public relations • investor relations

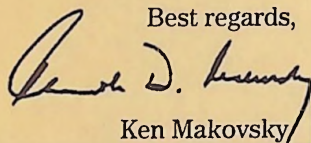
The power of specialized thinking

CELEBRATING TWENTY-FIVE YEARS OF EXCELLENCE

We share with you this feature – “The Power of Specialized Thinking” – produced by *PRWeek* to commemorate our 25th anniversary.

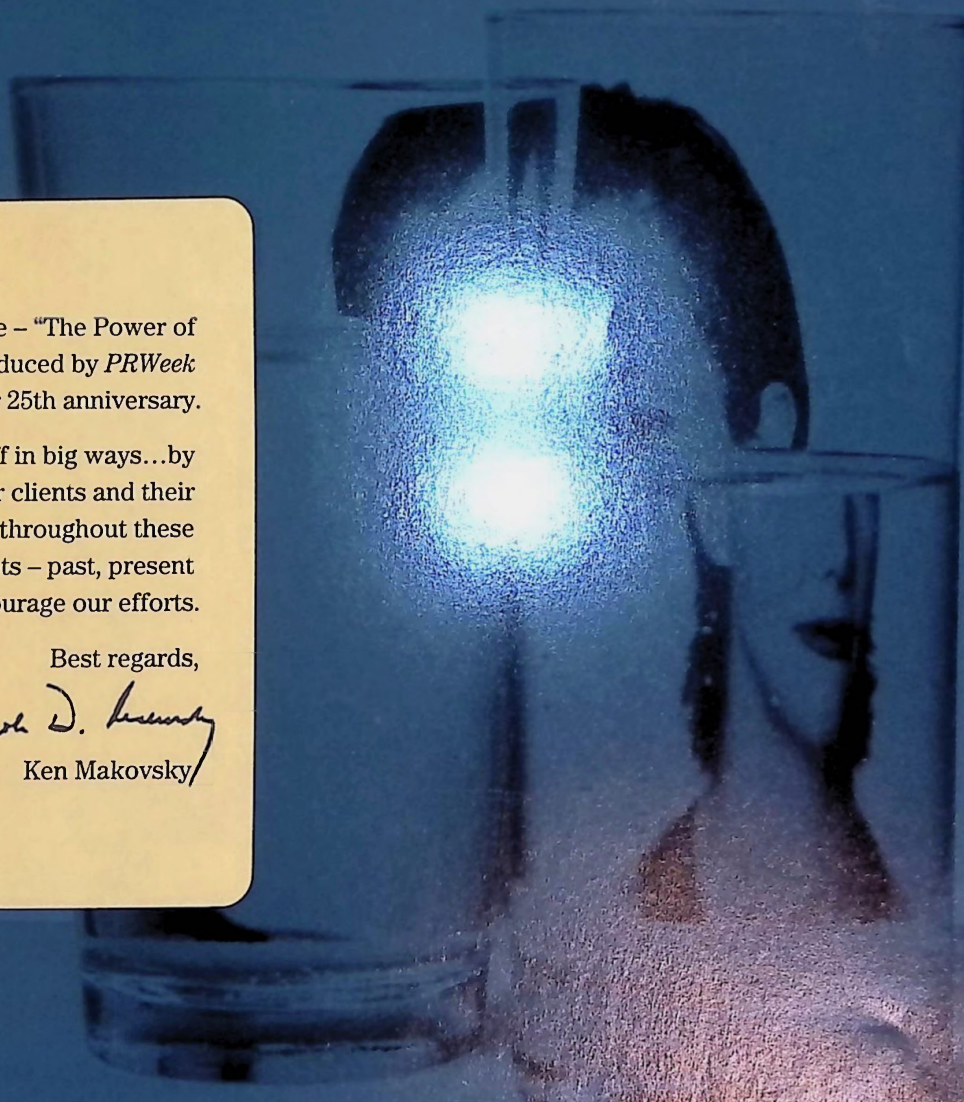
Specialized thinking pays off in big ways...by building equity and value for our clients and their stakeholders, as you will see throughout these pages. Our appreciation to clients – past, present and future – who encourage our efforts.

Best regards,



Ken Makovsky


www.makovsky.com



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Makovsky's success depends on its great people

"Now that I'm no longer with Dun & Bradstreet, I can tell the secret! We turned to Makovsky & Co. for help with our toughest internal clients, our most difficult-to-please product managers. The plans, the results, and the measurements were always — always! — first rate."

DAVID MONFRIED, SENIOR VICE PRESIDENT,
CORPORATE COMMUNICATIONS,
METLIFE



This supplement was commissioned by Makovsky & Company and produced by Haymarket Media.



The business of client advocacy

He may have traded his JD for an APR, but Ken Makovsky never lost the trial lawyer's belief that successful client advocacy is comprised equally of book learning, street smarts, and a passion to win. The firm he founded 25 years ago has succeeded by adhering to Makovsky's original vision: that specialization is the best way to build fair valuation, reputation, and sales for the client.

A recent rebranding effort has resulted in a new tagline for Makovsky & Company: "The Power of Specialized Thinking."

"It succinctly encapsulates our competitive edge," says Makovsky, "which is deep knowledge and relevant relationships in several key areas – health, financial services, investor relations, professional services, technology, and business-to-business. It also underscores the fact that we think deeply about our clients' businesses, challenges, constituencies, and markets."

Specialists for a specialized world

Makovsky's initial vision has proved prescient in an increasingly specialized world. "From among the millions of choices available to them, consumers have also become specialists, selecting only information they perceive as most relevant to their lives. Our role as communicators is to help filter through what matters," Makovsky says.

"Enabled by the internet, the world is transforming at the speed of thought," he adds. "There's no such thing as a sustainable competitive advantage – there are only temporary advantages. People want what they want, the way they want it."

In such a world, too much specialized knowledge is being generated too quickly for any generalist to manage successfully. "In our reputation economy, customers will migrate to suppliers where they perceive value," Makovsky says. "Thus, a client's market advantage is constantly at risk."

Along with specialization, a commitment to research is

a critical component in building a client's value message. "We use research to learn everything we can, from how a client defines winning to discovering how best to connect intellectually, emotionally, and intuitively with a client's constituencies – a methodology we've dubbed '3DI,' or 'Three Dimensional Insights,'" Makovsky explains.

Driven by client and employee delight

"Not only has our specialized focus drawn a certain type of client," Makovsky says, "it's attracted a certain type of professional, as well: analytical, entrepreneurial, and passionate, with a deep understanding of complex, sector-specific business services, products, and issues."

"Specialization is the best way to build fair valuation, reputation, and sales for the client."

Makovsky's desire to delight – rather than merely satisfy – clients has given rise to its Quality Commitment Program, a point of differentiation for the firm.

"Rarely does an agency in this business conduct a thorough self-examination," Makovsky notes. "Measurement and accountability are values integral to our culture."

What does the future hold?

The growing recognition of the need for transparency has made communications more critical. "Public relations may once have been seen by CEOs as an ancillary service; today, it's compulsory," Makovsky notes.

"'The Power of Specialized Thinking' is an ideal platform for future growth," he adds. "We now offer cross-sector expertise, are increasing our depth in current sectors, and plan to add new ones. This is because we know that specialized thinking pays off in big ways – by building brand equity and value for our clients' key stakeholders worldwide."

25

years of client delight

"It's not enough merely to meet client objectives," explains Robbin Goodman, EVP and partner at Makovsky & Company. "Everything we do is designed to delight them."

Client delight is the motivating factor for every call a Makovsky staffer makes, every idea brainstormed, every strategy conceived, every pitch letter drafted. Indeed, Makovsky believes that this desire to exceed client expectations has fueled the firm's evolution from a modest-sized PR boutique to a major communications consultancy. The experience of its clients bears this out.

"The people at Makovsky were strong contributors to 'making things happen' when time pressures and resources were slim," notes Dennis Drogseth. He is now a VP at Enterprise Management Associates and worked closely with the Makovsky team during his tenure as a communications manager at IBM. "The combination of professional skills, creativity, and a positive, supportive attitude at Makovsky was, in my experience, strongly valuable in achieving real results."

The centerpiece of client satisfaction is the firm's Quality Commitment Program...

Affirms former Dun & Bradstreet vice president David Monfried, now senior vice president at MetLife: "At D&B, we turned to Makovsky for help with our toughest internal clients, our most difficult-to-please product managers. The plans, the results, and the measurements were always—always!—first-rate."

The centerpiece of client satisfaction is the firm's Quality Commitment Program, designed to identify what's working and what isn't. At least once a year, Makovsky solicits written evaluations from every client, which are then compared with similar evaluations by account team members. Additionally, an independent third party is retained to reach out to clients on a quarterly basis to further assess the firm's performance.

Information gleaned from the Quality Commitment Program has resulted in subtle shifts in program strategies as well as the occasional tweaking of account teams. Tracking over the past five years, 90% of Makovsky clients rate the firm as "very good" to "exceptional." To further drive client delight, the heads of the company's practices are active in day-to-day client service.

The following pages reflect some of the successful programs undertaken by the firm throughout its 25-year history.

"Both prior to and since the IPO, we've relied on Makovsky to help make the right strategic and tactical public relations moves. We value the results we get from the firm's quality service, counsel, and dedication."

ELLIOT M. HOLTZ, EXECUTIVE VICE PRESIDENT MARKETING & FIRM OPERATIONS,
NATIONAL FINANCIAL PARTNERS

financial services

Merrill Lynch

A study involving the chairman, president, and 50 of the company's brokers provided the data necessary to craft a program designed to promote the sale of products other than stocks and bonds. Eighty percent of Makovsky's recommendations were adopted, and Merrill Lynch realized a dramatic increase in sales.



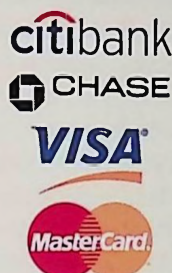
General Motors Asset Management

Launched a program to expand asset management mandate beyond GM to outside institutional investors through a visibility program that contributed to a significant increase in funds under management.



Smart Card Consortium

Breakthrough local marketing campaign for the consortium's New York City test launch of a new stored-value smart card — a joint initiative of Citibank, JP Morgan Chase, Visa, and MasterCard — yielded more than 74 million media impressions and an awareness level of 50% among targets.



Mutual of New York

In an industry filled with scandals, Makovsky leveraged the company's thought leadership and commitment to a formalized Code of Ethics, which not only raised the visibility of this more than 150-year-old insurance company and its CEO in the top-tier media, but also substantially increased sales leads, driving growth up 10% in a declining market.



Sequor, a division of Security Pacific Bank

Researched, crafted, and launched a cohesive and distinctive new structure and identity for the Domestic Securities Group (DSG) of Security Pacific Bank. Christened "Sequor," the client credited the initiative with contributing to its 31% return on equity. The program won the IABC Award for "Best Corporate Identity Program in the U.S."



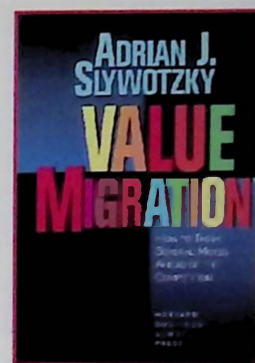
professional services

Ernst & Young

Demonstrating its professional services commitment to improving the workplace and retaining employees, especially women, was the focus of an internal and external communications initiative that helped lead to E&Y being named one of the "100 Best Companies to Work For" in America (*Fortune* magazine) and one of the "100 Best Companies for Working Mothers" (*Working Mother* magazine).



Corporate Decisions Inc. (Merged with Mercer Management Consulting)



Makovsky's PRSA Silver Anvil Award-winning communications work for this small management consultancy resulted in *Fortune* 500-level leads and nearly \$8 million in new business booked, as well as helped stimulate the Mercer acquisition.

The Fuqua School of Business at Duke University

The hallmark of this five-year program was an executive opinion survey that established the Fuqua School as one of America's top 10 business schools. Some immediate benefits: higher-quality students, more firms recruiting, higher starting salaries, and triple the number of executive education participants.



"We had the very top executives at Makovsky working as a terrific team for public relations, strategy, and marketing. Big is not better when you are competing with agility and smarts."

MARC STERNFELD,
FORMER SENIOR EXECUTIVE,
DEUTSCHE BANK

"The unique issues associated with the successful launch of thalidomide required the highest professional standards, as well as sensitivity to special interest groups... Makovsky delivered."

BRUCE WILLIAMS,
FORMER VICE PRESIDENT
SALES & MARKETING,
CELGENE

"Starting from scratch, Makovsky & Co. built a successful PR program for AMS, including sponsorship of a superb awards program that attracted attention from top-level business and IT executives."

CHARLES ROSSOTTI,
FORMER CHAIRMAN,
AMERICAN MANAGEMENT
SYSTEMS

Booz Allen Hamilton

Created an award-winning visibility campaign that yielded an increase in press coverage and 27% more thought-leadership media mentions than its closest competitor. The firm was rated number one in perception among its peer group in an independent study, and the campaign won the Holmes Gold SABRE Award.

Booz | Allen | Hamilton

health

Rilutek (Rhone-Poulenc Rorer)

Revived interest in what was the first FDA-approved treatment for amyotrophic lateral sclerosis (ALS) – commonly known as Lou Gehrig's disease – with a grassroots campaign to educate neurologists and patients about the drug. Carrying the message was an ALS patient who sang the national anthem at 30 Major League Baseball parks. The number of neurologists prescribing Rilutek rose to 79% from 52% in one year. Won *Inside PR's* CIPRA Award.



Metastron (Amersham)

A compelling campaign centered around a video of an 80-year-old man whom Metastron enabled to dance again. Targeting local physicians, patients, and lay audiences, it quadrupled sales of this pain palliative for cancer in the first nine months after launch, selling out inventory. Won a PRSA Silver Anvil Award.



American Journal of Nursing

Leveraged practical and pertinent research to influence health policy and make the *American Journal of Nursing* the most cited nursing publication in the general media, akin to "the JAMA of nursing." Awareness and paid subscriptions rose. Won Makovsky's MAK Award for best campaign of the year.



Schering-Plough/CEDAX

Forged partnerships with day-care centers and created a "personality" through the Cedax puppy in a program to promote a new treatment for pediatric otitis media. The client cited it among the most impactful

campaigns in Schering-Plough history.



Celgene

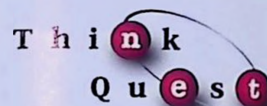
Successfully launched and built new public and medical community acceptance for thalidomide – a drug that had caused birth defects in the 1950s – by working collaboratively with a wide range of key opinion leader groups and the press.



technology

ThinkQuest

Developed corporate identity and designed a campaign that stimulated teacher and student participation in ThinkQuest, an international website-building competition, for scholarships and cash rewards. ThinkQuest became the most visited educational site on the internet, with almost 1 million hits a day.



IBM

Successfully integrated Makovsky professionals – both culturally and technologically – into IBM's Networking Systems line of business, and for six years served as an extension of the client's media relations staff for product launches, events, and ongoing media support.



Philips Magnavox

Created a multipronged PR campaign that underscored the centrality of the remote control in the lives of American consumers, delivering more than 66 million consumer impressions and helping to nearly double the market share value of the 27-inch Magnavox TV at its price point.



TurboTax

Our campaign to expand awareness of TurboTax as the best-selling, most powerful, and easiest-to-use tax software contributed to a 49% increase in revenues over the previous tax season.



American Management Systems

Developed a major repositioning through a national awards and media program for this \$1 billion-plus information technology/software company in a period when the company more than tripled in size and was recognized as a premier provider of enterprise business and technology solutions.



Qantel

Realized a 100% increase in sales within just three years after positioning the company's product as "the computer of champions" through a campaign showing how NFL teams used its product for strategy, and later through a Makovsky-ignited Qantel computerization of the New York City Marathon.



investor relations

Pier 1 Imports

Focused on communications to analysts, portfolio managers, and the media to build support for Pier 1. The financial page headline: "Pier 1 Grows Up. Baby Boomers on Board." The authority builder: "The Pier 1 Study on the American Home." The result over

8 years: more than 1,000 articles, 21 analyst research reports and the stock rose 379%, compared to a 113% rise in the Dow Jones Industrial Average.



National Financial Partners

Supported this firm's IPO – one of the most successful public offerings of 2003 – through a campaign to build confidence in the company's business model and leadership under Jessica Bibliowicz. The program began a year before the public offering and continues today. It won a PRSA Silver Anvil.



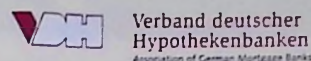
Fuqua Industries

To guide the company through a severe crisis of investor confidence, created the "Less is More" campaign, which, by detailing how restructuring would increase shareholder value, helped the company generate a steady total return to shareholders of more than 30% annually, outperforming the NYSE Composite, the 30 Dow Industrials, and the S&P 500.



Association of German Mortgage Banks

Cultivated US institutional investment interest in Europe's largest mortgage-backed fixed-income investment, the Pfandbrief, via a targeted campaign that employs media, investment conferences, and newsletters. The program continues today.



PEER RECOGNITION

Since 1980, Makovsky & Company has been privileged to work with clients that have allowed it to do its best. That trusted partnership has helped garner some of the industry's most prestigious awards and recognition, including Best Managed Agency, Top Strategic Firm, and The Best of the Best. Visit makovsky.com for details.



Specialized people, specialized thinking



financial & professional services

JB KING

With a history of financial services clients in every major sector – from asset management and banking to credit cards, insurance, and benefits consulting – Makovsky & Company has distinguished itself in an area where few of its peers have gained a foothold. This isn't to say that senior vice president JB King, a former Lehman Brothers executive, is complacent. Given recent corporate scandals and Sarbanes-Oxley legislation, she is keen to usher financial service clients into the era of full transparency.

"Due to all the scrutiny, I believe there are companies that may be inclined to stay under the radar," she says. "Communicating regularly and often across an array of media is always critical to creating enduring client relationships, but it's doubly important during an era when corporate credibility is being questioned."

Regarding professional services, King says, "You have to remember that many law, accounting, and management consulting firms didn't even have marketing directors 20 years ago, much less outside PR agencies," she explains. "So part of our job is to educate them about the process, as well as the value that PR can bring."

"We count on Makovsky for sound advice."

GEORGE HOROWITZ, CHAIRMAN
AND CEO, EVERLAST WORLDWIDE

health

GIL BASHE

While many clients change agencies in search of better service and new ideas, Makovsky's health practice has retained 100% of its clients for the past two years. Moreover, while healthcare talent is one of the most highly sought commodities in the agency world, the firm has also retained 100% of its healthcare team.

The firm's passion for strategic healthcare programs is exemplified by the practice leader, Gil Bashe, EVP, formerly at Hill & Knowlton. Makovsky's health practice focuses on specialty pharma, particularly clinical areas such as cardiology, endocrinology, genomics, oncology, and pediatrics. "These fields require knowledge of state and Federal reimbursement policies, clinical thought leadership, and advocacy relations, as well as strong editorial and media skills," Bashe explains.

A centerpiece for Makovsky's health practice is a proprietary tool called 3DI – or Three Dimensional Insights – which offers competitive analysis, market positioning, and message development. Bashe says the tool ensures that the agency team best understands where the client is, where they want to be, what they want the customer to do, and what needs to be communicated to mobilize the target audience.

"Healthcare communications, particularly specialty pharma, is a balancing act," Bashe says. "Creativity driven by strategic analysis, attention to detail, and commitment to client delight are [our] hallmarks."



investor relations

HULUS ALPAY

Hulus Alpay, SVP, defines Makovsky's investor relations practice in part by what it is not. "We're not just an IR group with a satellite PR strength. We believe credibility and premium valuations must be earned through consistent and integrated IR and PR programs."

Alpay sees Makovsky's integrated approach as a necessity rather than a luxury. "If a company sustains its communication with the financial community in both good and bad times, it is more likely to maintain its credibility and safeguard its long-term shareholder value," he says.

The practice's across-the-board skills, Alpay notes, make it one of the strongest teams in the industry. Formerly with Merrill Lynch and the Carson Group, Alpay emphasizes the IR team's professional and educational diversity. Staffers, he points out, possess backgrounds in equity research, banking, law, journalism, and corporate communications, and there are a number of JDs, MBAs, and PhDs among them. This efficient blend of talent, he says, allows the team to collectively guide and counsel its clients through all the unique aspects of dealing with investors and the financial media, from fostering a successful IPO through navigating complex corporate governance issues.



technology & business services

ROBBIN GOODMAN

One of Makovsky's longest-tenured employees, with more than 20 years at the firm, EVP and partner Robbin Goodman can recall dozens of anecdotes that illustrate the difference that the firm's specialized experience makes. "It's always been about understanding – and enabling technology clients to communicate – real ROI, not just their own innovations," notes Goodman, architect of the firm's technology and business services practice.

Having entered the technology PR field at the ground floor, Goodman found her journalistic approach to be a plus, enabling her to ask an obvious, but often overlooked question: "What's the business benefit?"

She recognizes firsthand the advantages of a midsize agency, where her priority is to spend most of her time in the trenches with clients. "In my experience at a larger firm, senior-level staff spent more time on non-client-related, administrative issues," she says. "Working directly with clients is still most rewarding for me, and the clients feel that they're getting the senior-level counsel they signed up for."

Goodman, who has focused primarily on enterprise/corporate technology and strategic business services for most of her professional life, has led campaigns for Booz Allen Hamilton, IBM, Cognos, AMS, and International Decision Systems.

branding & visual communications

MARIA EBOLI

To hear practice head and VP Maria Eboli tell it, Makovsky has long encouraged clients in their brand-building efforts. "Whether it's brand identity, corporate collateral, or a website, branding is a strategic thread that runs through all our client programs."

To this end, the practice has worked with a slate of clients in brand building and visual communications, from its first client, a unit of Security Pacific Bank, to the startup Hunter Roberts Construction Group. "Sometimes the intangible value of a brand is hard for companies to get their arms around, but studies show that brand value is reflected in the balance sheet," she says.

"Emotionally connecting brands to people is what good branding is all about," continues Eboli. In this vein, Makovsky executes creative brainstorming sessions to help the client formulate a branding proposition that is true to its core. "Communicating the nature of a brand and helping it to form its own niche is the ultimate reward," notes Eboli.



"Makovsky drove awareness and generated traceable sales for Metastron."

THOMAS OVERMYER,
FORMER MARKETING DIRECTOR,
AMERSHAM PHARMACEUTICALS



corporate strategy

TIM WALLACE

"The essence of business is the creation of value," says Tim Wallace. He has been with the firm for more than 20 years and is the leader of the firm's strategy practice. "The corporate turmoil of the past few years has made it clear that loss of credibility – and loss of trust – equals loss of value. Engineering the communications strategies that enhance credibility has become a critical board-level function."

Wallace has put his strategic expertise to work for a wide range of clients, including Cigna, Pier 1 Imports, National Financial Partners, and Beech-Nut Baby Foods. "Now more than ever, it's essential that communications strategies be aligned with business objectives," says Wallace, a gifted writer whose collaboration with clients on op-eds has resulted in numerous bylines in *The New York Times* and *The Wall Street Journal*.

The immediate response to a corporate problem sometimes is the least effective, notes Wallace, the man dubbed "Makovsky's dean of strategy." "It's important to take a breath and analyze the situation – to look beyond the obvious," he says. "Sometimes the best response to a communications issue is an operational change."

Wallace is currently applying his skills to branding and corporate identity initiatives, integrated communications, and crisis assignments.



Employee-centric culture



Ask Makovsky & Company staffers what they enjoy most about the culture of the firm, and a variety of answers come back.

Senior account executive Kona Luseni Barrasso cites the ready access to senior management, noting how the people she works with "have made a real investment in my growth."

Gene Marbach, a vice president, points to the overall spirit of collaboration. "I liken it to some of the great Yankee teams—it's a collection of stars who play with one ego," he says.

Senior graphic designer Christian Batres applauds the opportunity to work on large and meaningful projects, while VP Rachel Lohman, one of several employees who have returned to the firm, notes regular acknowledgment of hard work by the company's executive team. Kristie Kuhl, also a VP, lauds the intelligence and sense of humor of her co-workers.

In short, working at Makovsky is varied enough to meet the needs of different backgrounds and personalities. The culture is built on a foundation of treating employees as well as it does its clients—no small task given that "client delight" is the centerpiece of the Makovsky philosophy.

"The way I put it in our credo is, 'We are all each other's client,'" says president Ken Makovsky. "Employee delight breeds client delight."

Makovsky strives to create a workplace culture that promotes flexibility. For example, longtime employee Tim Wallace now dials in regularly from his new location in Maine.

Another draw is the firm's "We Achieve" program, which celebrates six prized Makovsky values: collaboration, communication, education, initiation,

innovation, and motivation. Whenever an employee at the firm exemplifies one of these values, another employee can bestow upon him or her a card acknowledging and affirming the effort. At the end of the month, the person who has racked up the most cards is awarded a cash prize.

MAK University offers a series of seminars designed to help younger staffers build the skills they need to succeed in public relations. Recent topics have ranged from "PR program writing and presentations" to "business fundamentals." At the same time, the firm nurtures its higher-ups through regular meetings of the leadership management committee, which examines critical leadership factors for driving a successful practice. An upcoming discussion, for example, will be centered on Jim Collins' seminal business text *Good to Great: Why Some Companies Make the Leap ... and Others Don't*.

All this isn't to say that Makovsky doesn't know how to kick back from time to time. Each December, the firm shuts its doors one day at 11 a.m. for the Makovsky Follies, a satirical show that sets up some of the company's adventures during the past year. A catered luncheon and exchange of gifts follow the song and dance, and then the entire staff exchanges their office chairs for orchestra seats at a Broadway musical.

"There's a real commitment to excellence here—in how we work with each other and our clients," Lohman says. "That's what first drew me to Makovsky, and it's why I'm back. Every door is open at this firm, and whether we're celebrating a success or tackling a challenge, we are always in it together."

"Makovsky was instrumental in helping Ernst & Young win worldwide acclaim as an innovator in knowledge management and work/life balance."

LES ZUKE, FORMER COMMUNICATIONS DIRECTOR, ERNST & YOUNG



"The Makovsky team has played a critical role in both strategy and execution, and our superior results are a testament to this strong partnership."

MICHAEL BULGER, DIRECTOR OF PUBLIC RELATIONS,
BOOZ ALLEN HAMILTON

"The appreciation of our stock was a direct result of Makovsky & Co.'s insightful approach to communications."

LAWRENCE KLAMON, FORMER PRESIDENT,
FUQUA INDUSTRIES

"Their expertise — coupled with a sense of urgency and a focus on results — has made Makovsky a valuable strategic partner."

AARON BERG, VICE PRESIDENT MARKETING,
KOS PHARMACEUTICALS