



Alpha Capital Equity-Bridge LLC

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“In these stressful times, let us
bridge the way...”

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 Alpha Capital Partners

OVERVIEW

Alpha Capital Partners (Alpha) is actively investing Alpha Capital Equity-Bridge LLC, an investment program focused on making minority equity investments in lower middle market companies that have suffered from the dislocated credit and M&A markets. Investment candidates will have revenues between \$7.5 and \$75.0 million and will be privately held businesses, subsidiaries, or divisions of larger corporations. *Alpha particularly seeks investment candidates “stressed” by compressed revenue and cash flow and perhaps experiencing operating losses due to the slow economic recovery.* However, these investment candidates will be established businesses with demonstrated operating histories, cash flow, profitability, and quality management teams.

Alpha desires to partner with business owners and management teams who wish to take advantage of equity capital in order to operate and grow successful businesses. Minority recapitalizations are also structured for business owners who desire immediate liquidity yet wish to participate in the growth of their business by maintaining operating control.

Founded in 1984, Alpha Capital Partners is a private equity investment firm headquartered in Chicago, Illinois. Alpha specializes in buyouts, recapitalizations, and minority equity investments of established lower middle market businesses. Investment activity of Alpha is typically concentrated in the greater Midwest, however, investments on a nation-wide basis will be considered.

INVESTMENT PHILOSOPHY

The primary objective of this investment fund is to partner with owners and management teams who have a willingness to continue to own, operate and grow their businesses until a successful, complete sale can be achieved. Unfortunately, continuing disarray in the credit and M&A markets have left many companies disadvantaged.

- ✓ Companies have suffered from reduced availability to credit, increased pricing, stringent covenant compliance, and challenging capital structures
- ✓ Many owners currently perceive valuation multiples to be too low while constrained capital markets have limited potential buyers’ ability to obtain debt financing
- ✓ Given these conditions, many sellers will simply choose to wait until market conditions improve

As a minority equity partner, Alpha provides owners many advantages which will ultimately achieve their desired goal of a successful exit. A minority investment by Alpha Capital Equity-Bridge LLC provides owners the following benefits:

- ✓ A “bridge” to better economic conditions and more importantly improved capital markets for M&A and ultimately higher valuations
 - ✓ Improved capitalization whereby equity is a more complete solution to strengthen balance sheets and relieve covenant pressures (mezzanine capital may not be a feasible solution in many cases)
 - ✓ Offensive firepower for businesses to grow and gain market share by having capital available to expand operations or pursue attractively priced add-on acquisitions
 - ✓ In certain instances, the possibility for owners to receive some cash out in a recapitalization in order to reduce perceived risk
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INVESTMENT CRITERIA

The Alpha Capital Equity-Bridge LLC is designed to replicate Alpha's most successful investments in today's unusual market. Alpha targets private businesses or divisions of larger companies with defensible niche markets which are fundamentally sound during normal economic times. *However, Alpha understands that some candidates may have currently depressed revenue and cash flow and perhaps current or expected operating losses due to the slow economic recovery (i.e. good companies suffering from an extreme economic situation).*

Alpha desires owners interested in selling due to retirement, health issues, estate or family ownership issues, and/or strategic divestiture. Alpha seeks to invest in companies with the following current or historical characteristics:



(1) Alpha does not target turnaround or start-up situations and will not invest in real estate, oil and gas, biotechnology, financial institutions, commodities, and financial derivatives trading.

FORM OF MINORITY INVESTMENT

Alpha minority investments will generally have the following characteristics:

- ✓ Common or preferred stock, as well as membership or partnership interests
 - ✓ Subordinated debt as a form of investment coupled with an equity feature such as warrants, a separate equity investment, or convertibility
 - ✓ A put feature or required redemption to ensure liquidity rights of the minority investment
 - ✓ Initial investment size range of \$1.0 million to \$5.0 million
 - ✓ Although Alpha targets minority investments, it is possible that Alpha could team up with other professional minority stake investors in order to form a control group
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BENEFITS OF WORKING WITH ALPHA CAPITAL

Alpha's core principles have been developed over more than two decades of principal investing experience. We seek equity investments in companies where our experience and resources can be leveraged without interfering in the day-to-day operations of the company. Our team possesses a synergistic mix of operating, finance, and investment experience. We offer more than capital to our management partners. As a value-added partner providing management teams the capital and investor support they need to create value in today's depressed markets, we also act as a sounding board in the areas of strategic planning, acquisitions, recruiting, finance, and compensation programs. Benefits of working with Alpha are distinguished by the following traits:

Value-added and Aligned Investor

As an investment group with operating experience, Alpha is sensitive to the issues facing management and can provide sound advice and value creation that will position a company for a successful sale, whereby Alpha will exit side-by-side with the majority owner(s).

- ✓ Alpha has enlisted a group of former and/or present chief executives and senior managers to be a resource to portfolio company management
- ✓ Alpha's CEO Advisor Group is made of members that have valuable experience in the challenges of growing organizations and capitalizing on business opportunities and is available on an ad hoc basis
- ✓ This resource pool has been often utilized in the past by Alpha to review new investment opportunities and as potential board members or counsel to management teams post-closing

We Are More than Just Money

Due to current economic conditions, many company balance sheets need to be restructured.

- ✓ In addition to needing a stronger equity position, the senior lender may also need to provide additional support and/or concessions
- ✓ An investment by Alpha will provide the meaningful validation lenders are looking for in providing such support as we will have assessed the business model, competitive environment, and management team of our target investment company

Financing Flexibility

Alpha has broad experience implementing a wide variety of financing techniques and structures in making successful minority equity investments.

- ✓ Financings can be tailored to meet the needs of the parties involved. Whatever the specific form of investment, the primary emphasis is to provide a capital solution that works for existing ownership, management, and Alpha

Ability to Add Further Financial Support

In addition to Alpha's initial investment, subsequent capital can be provided should additional growth / recovery prospects warrant further equity investment, while generating a meaningful return on investment.

- ✓ Beyond its direct investment capabilities, Alpha has strong and established relationships with senior & mezzanine lenders and other equity providers that it can introduce as needed
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