

Lineage Capital is a private investment firm focused on partnering with owner-managed and family-controlled middle market businesses. Lineage employs a differentiated investment approach that provides shareholders with significant liquidity and, at the same time, allows them to retain control of the board of directors and up to 50% of the economic ownership. In short, our model is a partnership model rather than an ownership model. Lineage currently manages a \$160 million investment fund.

Investment Criteria

- Owner-managed or family-controlled businesses
- Meaningful shareholder reinvestment
- Entities with \$4MM of EBITDA or greater
- Mature businesses in industries with favorable dynamics
- Companies with a sustainable competitive advantage and stable, growing cash flow
- Businesses with a strong core management team

Typical Investment Scenarios

Lineage seeks to partner with shareholders who are firmly committed to the future of their business yet have a current desire for liquidity. In addition, we seek shareholders who are looking for a partner to facilitate growth. Below are some examples of typical shareholder dynamics:

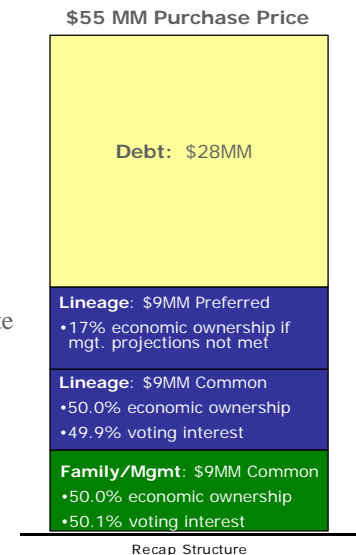
- **Generational Transition** – Senior family member(s) seeks to transition leadership (control of the board of directors) to next generation and provide them with a meaningful economic opportunity. At the same time, senior family member is also seeking significant personal liquidity to diversify net worth and facilitate estate planning
- **Cash Out Inactive Shareholder** – Management shareholders seek to provide inactive or retiring shareholders with liquidity while maintaining control of the board of directors
- **Asset Diversification** – Shareholder remains passionate about the business and believes strongly in its future; however, he/she wants to diversify his/her net worth while retaining control and a large equity stake
- **Partner for Acquisitions** – Shareholder sees a need or opportunity to improve the company’s competitive position by making a strategic acquisition yet desires a partner to share financial risk and provide additional expertise and resources

Differentiated Governance and Economic Model

- **Liquidity** – Lineage provides shareholders with liquidity to diversify their personal net worth or purchase the shares of minority or inactive shareholder(s)
- **Control** – Our investment structures typically allow control of the board of directors to remain with the reinvesting shareholders, an extremely important term for them and a point of significant differentiation versus other private equity groups
- **Economic Ownership** – The Lineage approach incorporates a tax-deferred reinvestment and allows owners to retain up to 50% of the business. Relative to traditional buyouts, Lineage uses less leverage to provide capacity for strategic growth initiatives, including organic and acquisition opportunities
- **Strategic Partnership for Growth** – By leveraging our investment and operating experience, and our network of relationships, we provide our partners with a valuable resource for growing the business by capturing strategic and operational opportunities

Typical Investment Structure

- **Liquidity:** \$46MM of net proceeds after \$9MM reinvestment
- **Control:** Shareholders retain control of the board of directors while Lineage provides 2/3 of the equity capital
- **Economic Ownership:** Shareholders own 50% of the company; conservative 50:50 debt to equity structure to facilitate growth
- **Strategic Partnership for Growth:** Strong track record of successfully partnering with management teams



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Partnering with owner-managed and family-controlled businesses

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