

Executive Forum Spring 2011 Leadership Conference

Executive-Centric Investments



April 30, 2011



Firm Background



We provide leadership capital and management-led buyout strategies for private equity firms

Our Mission: to maximize our clients' returns in every stage of the investment process through high-impact relationships with industry-leading C-level executives

Ten years of experience delivering value to private equity clients



Notch Partners' activity has a central purpose: to maximize our clients' returns through involvement in every stage of the investment process

Expanded & differentiated investment opportunities

Client Initiated

Executive Angles for Competitive Deals

Industry Exploration and Expertise

Notch Initiated

Proprietary Deal Opportunities

Backable Executives & Operating Partners

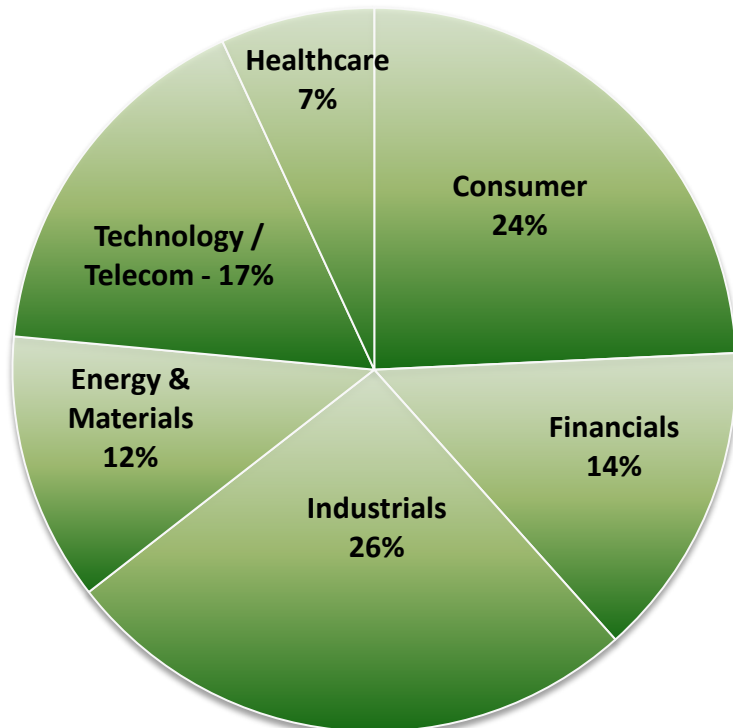
Enhanced portfolio company leadership

C-level executive search, Management Assessment

Turning executive relationships into results

9,200 total Notch Executives;
~1,700 added annually

Results for Private Equity Clients
since 2006



- 12 Closed Private Equity Transactions
- 40+ Operating Partner/Senior Advisor Engagements
- 45 Successful Senior Operating or Board Searches
- 500+ Executives Adding Value to Due Diligence Processes



The State of Private Equity

- Significant increase in deal activity in 2010
 - \$180B total buyout capital invested = 250% of 2009 levels, but only 27% of 2007 levels
 - US deals roughly evenly split between public-to-private, carve-outs and sponsor-to-sponsor deals
 - 70% of capital invested in deals over \$500M
- Significant capital overhang (approximately \$500B) in the US
 - 2005-2007 vintage funds have called less than 2/3 of their committed capital
 - 2008 vintage funds have called less than 1/3
- Debt markets have improved dramatically since 2009
- 2010 average purchase multiples reached 8.5X EBITDA, exceeding the 2005 and 2006 levels as well as 2009 level of 7.9X.

- Fundraising challenges worsened in 2010.
 - Second half of 2010 proved worse six months since 2003, with \$30B raised and 32 funds closed .
 - Average time fundraising 2010 (19 months) doubles from 2007 vintage funds

2011 looks to be an active and competitive year for private equity deals. Sense of urgency to put money to work is high. We expect this year to be largely a seller's market, which will create pricing challenges for investors. Robust, sustainable executive strategies will remain critical for PE firms to achieve investment and portfolio successes.



Developing an Effective Private Equity Career Strategy

MORE THAN 600,000 COPIES SOLD

Why Some Companies
Make the Leap...
and Others Don't

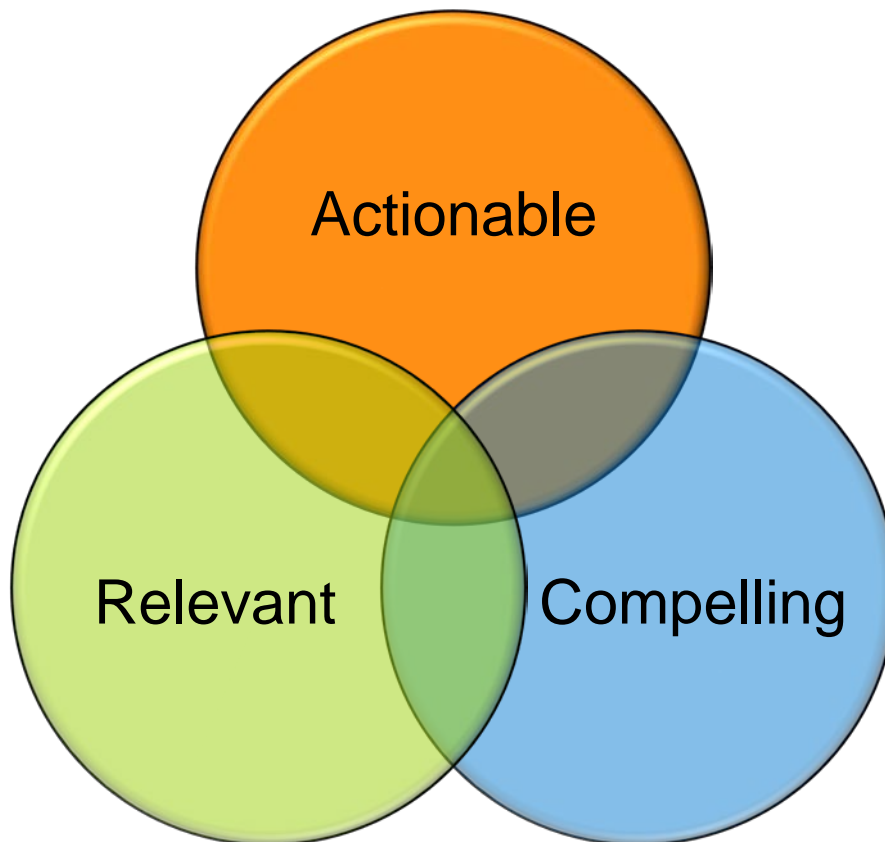
GOOD TO
GREAT

JIM COLLINS

Coauthor of the bestselling
BUILT TO LAST

	Good	Great
Meeting/Interview Preparation	Researching and knowing your PE audience	Researching and knowing deals relevant to your PE audience
Capabilities Discussion	Describing coherent career arc, highlighting PE-specific capabilities and achievements	Tying relevant capabilities to target industries and companies
Developing a Proactive Posture	Arriving with specific ideas about how to create value in PE firm's portfolio or in their stated industries of interest	Bringing ideas about specific targets and creating actionability
Investment Thesis Discussion	Articulating an investment approach which leverages your PE-relevant skills	Refining your approach to fit "sweet spot" in the ARC model

The “sweet spot” for executive-PE partnership exists at the intersection of three inter-related components:



Actionable

Target Viability

How likely is the deal to happen? How quickly/easily?

What are the major hurdles and gating factors to a successful platform acquisition? How can they be addressed?

Relevant

Executive-to-Target & Target-to-Investor

Is the executive uniquely qualified to lead the company and execute the investment thesis?

Is the target appropriate for the PE firm (e.g. size, stage, industry)?

Compelling

Thesis “Intrigue Factor”

How exciting or interesting are the value creation opportunities?

External factors include industry trends, competitive positioning and market dynamics.

Internal factors include “easy wins” in operational or balance sheet transformations.

Very highly Actionable/Relevant deals are usually considered Compelling.

- Conducting Research
 - Understanding your PE audience
 - Identifying relevant PE firms to your background and skills
 - Identifying potential deals/targets in your relevant sector(s)
 - Providing information on specific targets
- Identifying and articulating your strengths and weaknesses relative to PE
- Coaching and Preparing for PE interviews and meetings
- Defining your “sweet spot” in the Notch ARC model
- Articulating and “packaging” your deal thesis/opportunity set to PE
- Providing or opining on feedback from PE firms
- Negotiating employment/deal terms