AA Capital Partners, Inc.

Alternative Assets Manager

Montana Economic Affairs Interim Committee

September 7th, 2004

Brian S. O'Keefe

AA Capital Partners, Inc.

- 2002 Spin-off of ABN AMRO Private Equity Investment Group, started in 1994
- Focused on double bottom line approach
- Investment staff has over 75 years of collective private equity and related market experience having managed over $5B in assets
- Head office in Chicago, satellite office in Detroit
- Strong ties to Montana
  - O'Keefe Drilling (Butte), 3rd Generation "Displaced Montanan"

Investment Program Structure

- Unique investment portfolio of private equity and real estate investments, focusing on the local economies of the investor base
- Program structure allows investors to create a geographically diversified portfolio of private equity and real estate investments with high expected returns
- AA Capital is committed to evaluating investment opportunities sourced by its investor base
- Direct investments primarily focused on geographic areas of our investor base
  - Aids local economy
  - Creates jobs

Montana Deal Flow Analysis

More than 40 opportunities reviewed in Mid-August*:

3 passed initial screening criteria... Why?

- ✓ Strong management teams
- ✓ Credible growth themes
- ✓ Defensible market niches
- ✓ Reasonable exit alternatives

So why not invest?

- ✓ No local presence / lead investor
- ✓ No local capital committed
- ✓ Adequate deal flow through local network ... Montana is hard and expensive to travel to

Conclusions

- ❖ Real, attractive investment opportunities exist in Montana.
- ❖ Early to Growth Stage companies most likely to attract investment capital.
- ❖ Incubators (TechRanch) and development programs (The Montana Fund) will aid in enhancing Seed stage investment opportunities.
- ❖ *Montana needs a catalyst... the market will do the rest!*

*See appendix for detailed opportunity landscape

Why Create The Montana Equity Fund?

Current Status		Program Opportunities…
Only one active Venture Group in Montana (Glacier Venture Fund)	→	Provides a designated source of capital for venture funds and opportunities and follow on equity capital
Limited Investment Opportunities	→	Creates a critical supply of capital to attract entrepreneurs while maintaining focus on returns
"Home Grown Talent" seeks employment out of state	→	Grants exciting opportunities for motivated, forward thinking Montanans
Montana is a "Fly Over" State	→	Presents a compelling incentive for VC's to expend time and energy in the state
Significant number of wealthy and experienced non-residents with second homes in Montana (Potential Angel Investors)	→	Provides more opportunities for them to invest in Montana by creating a venture capital infrastructure in the state

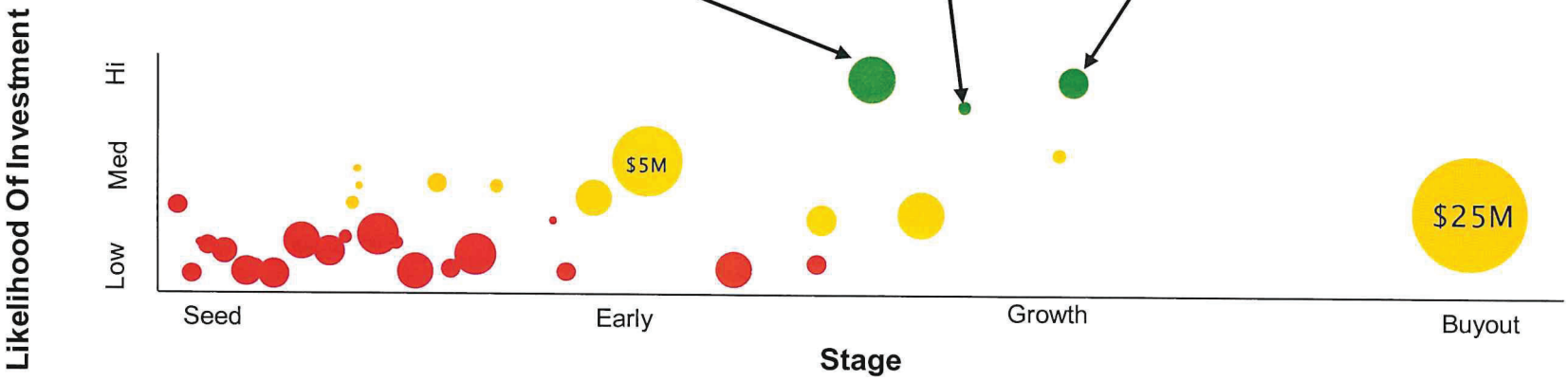
Appendix

Montana Investment Opportunities

Healthcare Software Development
Butte
Revenue $1.25M/Yr
$3.5M Capital Required
In Business 5 Years
Interests Level High

Precision plastics fabricator
Belgrade
Revenue $600K/Yr
400K Capital Required
In Business 35 Years
Interests Level High

Foam insulation producer
Bozeman
Revenue $7M/Yr
$2.5M Capital Required
In Business 15 Years
Interests Level High



Investment Committee

- **Paul Oliver, Managing Director/Partner**
  - 34 years of experience in working in Investment Banking and private equity fund investing
  - Established various highly-successful private equity products
  - Past experience: ABN AMRO Bank, A.G. Becker & Company, Continental Bank Corp.
  - MBA, University of Chicago; MA, University of Louvain, Belgium; BA, Yale University

- **John Orecchio, CFA, Managing Director/Partner**
  - 16 years of experience in working with financial sponsors (buyout & venture capital)
  - Direct transaction and fund investing experience
  - Past employment: Continental Bank and Bank of America Leveraged Finance Group, Bank of America Capital Corporation
  - CFA; MM, Northwestern University; BBA, University of Notre Dame

- **Charles Wall, Jr., Managing Director/Partner**
  - 12 years private equity experience
  - Past employment - Bank of America Equity Partners, Bank of America/Continental Bank
  - CPA; MBA, DePaul University; BS, Eastern Illinois University

Portfolio Management Professionals

- **Mary Beth Stevens, Chief Financial Officer**
  - 7 years private equity accounting experience
  - Past employment – Bank of America Equity Partners, Bank of America/Continental Bank
  - CPA; BS, Northern Illinois University
- **Matthew R. Friesl, Vice President**
  - 5 years of private equity, investment banking and capital markets experience
  - Past employment – Salomon Smith Barney
  - CPA; BS, University of Illinois at Urbana-Champaign
- **Elizabeth Govea, Vice President**
  - 8 years of banking and investing experience; 3 years direct fund investing experience
  - Past employment – Bank of America Capital Corporation, Bank of America/Continental Bank
  - BS, University of Illinois at Chicago
- **Brian O'Keefe, Associate**
  - 8 years of operations management experience with a significant focus on execution of acquisitions
  - Past employment – General Electric Medical Systems, U.S. Army
  - MBA, Finance and Economics – University of Chicago GSB; BS, Biomechanics – Marquette University