



Mid-Market Merger, Acquisition
and Financing Specialists

Allegiance
Capital Corporation
PRIVATE INVESTMENT BANKERS

CAPITAL ALLEGIANCE CORPORATION

DEVOTED TO THE FINANCIAL NEEDS OF OUR CLIENTS



*At Allegiance Capital Corporation, we have the best possible job
you can have in the new economy. We help business owners quantify
their aspirations and fulfill their dreams.*

Who We Are

D. M. Lonsdale
President & Managing
Director

John Sloan
Vice Chairman

D. J. Mahmood
Chairman & Founder

Connie Mahmood
Secretary/Treasurer



Allegiance Capital Corporation is a premier private investment bank built with the same entrepreneurial tenacity as our clients unleashed to create their own successful businesses. We have brought together a powerful combination — the real-world experience of our bankers, a superb research platform, global reach, proven processes, our 38-year heritage, and a strong commitment to integrity — all aimed at delivering extraordinary service to our clients.

What We Do

Privately-Owned Businesses

Allegiance Capital's hallmark is we hold as a core value that private business owners deserve to be significantly rewarded for their remarkable work of building and operating a successful company. When we have the privilege of representing these owners, we value their work by going the extra mile to get a premium price for their business. We are known and respected for the superior professionalism and service we give our clients. In addition to private companies, we have a genuine appreciation for the family business. Allegiance Capital is a family-owned business. We understand and respect the unique considerations of selling a family-owned business.

Corporations

Strategic growth through acquisition is a cornerstone of corporate planning. Allegiance Capital has experience working across numerous sectors, collaborating with Boards of Directors and Corporate Officers to accomplish their M&A goals. Our vigorous market activity and breadth of relationships worldwide make it possible for us to swiftly respond to the needs of corporate development officers. Likewise, when the time comes for a company to divest of a non-strategic, non-core asset, our bankers are experienced at achieving an optimal outcome for all stakeholders.

Private Equity Groups

Our extensive research and relationship marketing outreach enables us to create one of the industry's most robust deal flow engines. Allegiance Capital will work with you to understand your specific investment strategies and then deliver quality acquisition candidates that meet your requirements.

Any professional services firm is only as good as its people. We seek to be more than a stable of all-stars; we look for individuals who have years of business experience at the executive level. Our blend of operational acumen and skillful financial dexterity truly separates Allegiance Capital from other professional services firms.

Sale of Companies

Every successful business began in the imagination of an entrepreneur. Out of vision, determination, and a relentless pursuit of customers, a business was born and it grew to become an enriching life's work. When business owners are ready to quantify their body of work through a sale, they need an investment banking partner who will protect their interests, very confidentially present their company to the right buyers, and craft the likelihood of a premium sales price. Most entrepreneurs get only one opportunity to sell a company, and they owe it to themselves to maximize their return.

Why Allegiance Capital Is Your First Choice

More business owners turn to Allegiance Capital. No boutique investment banking firm has greater national or global reach than Allegiance Capital's financial advisors. This fact was underscored when our firm was recognized as the 2008 Boutique Investment Bank of the Year. We have no "B Teams." You will not get "A Team" pitching and "B Team" execution. Our deep bench of senior bankers enables us to assign an "A Team" to every client engagement. So many business brokers are thin on manpower and marketing expertise, which limits the extent of their best efforts. Unlike our competitors, Allegiance Capital has the ability to cast a very wide net through our confidential and vigorous marketing program, always with a senior deal team at the helm of the process.

Our History of Success

Allegiance Capital and our team of bankers have collectively advised on over 200 private and public transactions with an aggregate value of over \$20 billion. More than two-thirds of our transactions have occurred between \$25 million and \$100 million in value. We excel at running a meticulous marketing and selling process for our clients. We are paid for success, not effort. Actually, our success is based on a simple idea: we sell our clients' companies for more than they thought they were worth.



At Allegiance Capital, operating with integrity is just as important as maximizing value for our clients. Because the only way we can ensure our clients' success is by acting with complete confidentiality, discretion, trust, integrity and fairness.

The Cross-Border Advantage

The rise of globalization has exponentially increased the market for cross-border M&A transactions. Over the past 10 years, sales involving U.S. companies and international buyers have increased by 50%. The geographic shift in buyers is a function of the global economy and the decline of the U.S. dollar versus foreign acquisition currencies. Allegiance Capital will help you navigate the unique challenges of being acquired by a non-U.S. company, which can result in tremendous value creation for you in the sale.

Opportunity for Gain vs. Fear of Loss

What do buyers want? They want to buy your company for as little as possible. In some cases, they will use “acquisition speak” to create mystery around your transaction. Smart buyers do their homework and use that intelligence to create leverage in negotiations. Some may even capitalize on a seller’s naïveté about the world of M&A to gain an advantage in the deal structure. Ultimately, they have one motivation: the opportunity for gain. You need an expert intermediary who can neutralize the buyer’s advantage. You need an expert who can leverage the buyer’s opportunity for gain into fear of loss, driving the buyer to think less about price and more about their strategic need. Allegiance Capital will give you the edge you need.

SUCCESSFUL TRANSACTION TIMELINE

Pre-Market Preparation

Financial and strategic analysis
Internal due diligence
Projections and add-backs analysis
Offering memorandum
Industry research
Buyer list

Marketing Phase I

Contact potential buyers
Confidentiality agreements
Distribute marketing materials
Indicators of interest

Marketing Phase II

Management presentations
Buyer due diligence
Proposals evaluation
Conduct auctions

Due Diligence & Documentation

Negotiate and execute LOI
Information request and due diligence
Purchase agreement
Close

The Pledge of Allegiance

You already know you need an expert to help you sell your business. You already have Allegiance Capital on your short list of intermediaries to consider for representing you. When you choose to work with us, here is what we deliver:

Outstanding Market Analysis & Comprehensive Research Support

- Complimentary, risk-free valuation and market assessment services
- Intimate knowledge of the middle market and a custom go-to-market strategy
- Proprietary “No-Stone-Left” research methodology and intelligence model
- Respect for your time and expertise aimed at minimizing your involvement in the process

Marketing Excellence & Superior Buyer Education

- Highly confidential and expansive marketing program — bringing to bear the most dynamic outreach locomotive in the business
- Tailored “Ferrari-style” marketing programs for unique sale situations
- Full suite of communication tools to effectively present your business — from confidential information memorandums to engaging investor presentations
- Creative education of buyers to deepen their understanding of how your company creates a powerful opportunity for the buyer’s long-term strategy

Relationships & Reach

- Strategic relationships with private equity groups, lenders, mezzanine financing firms, accounting firms, tax professionals and attorneys who are experts in M&A transactions
- Offices around the globe: Dallas, Chicago, Madrid, Minneapolis/St. Paul, New York, Seattle, and Shanghai, with future openings in Los Angeles and London



“Good things may come to those who wait, but only the things left by those who hustle.”

— Abraham Lincoln

Financial Savvy

- Expert transaction negotiation, guiding indications of interest, letters of intent, and definitive purchase agreements crafted with patience and fervor
- Quality due diligence services, including online data rooms to protect your valuable company information
- Absolute commitment to maximize your selling price with maximum cash at closing, as well as achieving your ancillary goals in a sale transaction
- Professional advisory devoted to your financial needs, from minimizing your tax burden, to facilitating a smooth closing process, to decreasing your post-closing risks

Most importantly, we will create broad interest in your company; and, with our unique “best and final offer” sales process, you can be confident that you have sold your business for the highest price. Like you, we’re ferociously competitive.

Are You Really Ready to Sell?

Selling your business is one of the most important events of your lifetime. What can you do to ensure you’re ready? First, nothing will damage the sale process more than setting unreasonable goals for the sale, such as not allowing adequate time for the transaction process or setting an unreasonable sale price. Not minding your expectations can cause emotions and subjectivity to overrule the objectivity needed to give you the upper hand in negotiations. A trusted investment banking advisor can prepare you for the very real psychological aspects of selling your company, where owners and/or family members may have conflicting interests. Almost every business sale includes moments of emotional pressure, which can cause you to question why you’re selling. Our clients count on us in times like these, to keep their expectations at the forefront while patiently keeping their deal on track.



Buy-Side Representation

While sell-side representation is our company's heritage, a rapidly-expanding aspect of our business is serving the needs of our strategic corporate and private equity buyers. Allegiance Capital is agnostic toward representation. We respect the needs of both buyers and sellers, and we seek to make matches that create win-win opportunities for all parties involved in a transaction. The vital role we fill is bringing together parties who can accomplish impressive business growth and exceptional returns as a result of our unparalleled service.

Our deal flow attracts buyers. Simultaneously, our wide-ranging relationships with buyers are a magnet for sellers in search of top quality connections. Regardless, we are motivated to bring together a winning solution for both parties. This rare attitude and respectful approach toward serving the industry makes it possible for us to fulfill the needs of both buyers and sellers.

We are clear about our role. We are neither the buyer nor the seller. Allegiance Capital works hard to serve the needs of buyers while also respecting the requirements of sellers. In short, we seek to exceed our buyer's expectations by bringing numerous acquisition candidates who fit your target profile. From representing a company seeking to expand via acquisition, to assisting a management team with an effective buyout, Allegiance Capital has substantial experience assisting clients with their strategic acquisition initiatives.

We serve as an extension of a company's corporate development department by assisting with assessing strategic alternatives, identifying acquisition targets, conducting preliminary due diligence, establishing pricing criteria, and arranging acquisition financing for our clients, consisting of all types of debt and equity. Industry expertise and active attention from our senior-level professionals ensure high-touch client service and timely, practical advice, from the deal kick-off meeting to transaction close.

We Invent Markets

The foundation for buying and selling businesses is simple: supply and demand. When a business owner decides to sell, we move with urgency to interrupt the auction process and bring the opportunity to the buyer who has retained us. Our unique connection with sellers is what makes our service so valuable.

To support our buyer's process, we reverse the supply and demand paradigm and create a market for the buyer by identifying multiple businesses where motivations and chemistry align well with your strategy. By creating a "reverse marketing strategy" we can ensure that our acquisitive clients will be able to locate a desirable target and acquire it at the right price and terms.

We Know the Deal

Your senior-level Allegiance Capital banker is there for you at each step of the buying process. First, we define your acquisition criteria including industry, revenue range, earnings range, geography and your overall acquisition strategy. We then help find the right business for you through our extensive marketing reach using proprietary databases, direct mail and follow up calls from our team.

We Are Expert Door-Openers

Business owners respect people who honor their work. We have a deep appreciation for entrepreneurs who have carved a rugged path to success. Your Allegiance Capital advisor is able to open doors you cannot. We know how to get a company owner to talk about selling their business when others cannot. Our bankers have real-world experience, so we value business owners and their varying reasons for seeking a transaction. Opportunists do not care what match they make. That is not who we are. We value our reputation. We celebrate the success of matching the right seller to the right buyer. This is what assures our success: that sellers and buyers know we care about fit and their mutual future return on investment.

Just as you seek profitability, our ability to grow and expand is predicated upon our fees. We have the same success-based philosophy with buyers as we employ with sellers, meaning that when you succeed at the closing table, we also succeed. We have a high degree of confidence in our ability to exceed your expectations.

Our entrepreneurial way of thinking is why buyers want us on their side of the table. They know that the real-world expertise of our bankers is why we understand sellers so well. Our ability to relate to business owners puts us in a unique position of understanding when chemistry is a good match. Some of us have been the buyer in past career posts. We are devoted to creating lasting success.



We have started and built successful businesses and personally experienced many of the same challenges you face on a daily basis.

Financial Restructuring

Unexpected market conditions can suddenly present serious challenges even to the best of companies. During such times, Allegiance Capital knows that solid decision-making and swift action is essential to safeguard enterprise value or even to save a business from failure. Our extensive relationship network and access to capital make us a go-to partner in tough times.

Recapitalization can be an attractive alternative that allows business owners to diversify their personal wealth while retaining ownership of the company. We help business owners evaluate their options for reorganizing the company's capital structure. The goals vary according to the business need: growth capital, refinancing expensive debt, selling a portion of equity for personal liquidity, taking out a problematic partner, or working capital.

When you need cash, Allegiance Capital analyzes your business, provides insights to improve your capital structure, brings potential lenders and other capital sources, and we negotiate the best possible terms for you. Similarly, our relationships with private equity groups, mezzanine lenders, and senior debt providers, open doors for you to find security in the right financial partner.

Divestitures

Allegiance Capital has years of experience obtaining premium prices for private business owners. We have a firm understanding of how to prepare and position for sale small to medium sized businesses. We are adept at finding the right buyers and negotiating the right price. When a larger company chooses to spin-off or divest of a company or division that no longer fits the company's vision, Allegiance Capital's core expertise translates well into achieving corporate goals. We provide invaluable assistance by enabling the parent/seller to stay focused on their core business.

The net result is the parent is able to redeploy vital funds necessary to grow the main business. Meanwhile, the divested company also enjoys new opportunities for growth.



Additional Allegiance Services

Raising Capital

Money drives growth and creates options. Raising money in the new economy is just plain hard work. But we're good at it. We help entrepreneurs raise significant amounts of equity and debt capital. We're successful at helping you obtain capital at higher valuations than you are likely to achieve on your own. And, we're good at negotiating less onerous terms than you might otherwise receive without our help. Our capital raising services include:

- Evaluating options for debt and equity
- Preparing razor sharp materials, including the offering memorandum
- Identifying and contacting prospective lenders and investors
- Analyzing pricing, underwriting criteria, structure, covenants, etc.
- Supervising investor/lender due diligence
- Negotiating and closing the capital raise transaction

Our bankers have the financial acumen, transaction experience, and sources of capital that you need to achieve your business goals.

Exit Planning

Over half of the 9.5 million business owners are nearing retirement age. Are you ready for the biggest financial event of your life?

- Do you find yourself thinking about getting out of your business?
- Are you wondering how to groom a successor?
- Is passing your company on to your children becoming increasingly unlikely?
- Are you getting tired of fighting the alligators and want a different challenge?
- Does the whole succession idea seem overwhelming?

If you answered yes to any of these questions, you might need an exit plan. If you don't know how to get started, you are not alone. Few, if any, business owners know how to leave their businesses in style. Leaving in style means leaving your business to the successor you choose, for the price you want at a time you pick. An exit plan makes this possible.

Call Allegiance Capital today.

We bring together sellers, buyers, capital and creativity on a national and international scale to help our clients achieve their personal and strategic goals.



Why Allegiance?

<p>Creativity</p>	<p>Many firms take a shotgun approach to the market. Not Allegiance Capital. While others are scattering pellets, the reason we are able to receive multiple offers and achieve maximum value is our creativity. We find buyers that others do not. We're devoted to winning on our client's behalf.</p>
<p>Superior Process</p>	<p>The first step of our process is the most important: listening. We want to understand your concerns and goals. Our collaborative style with clients helps us to create a more compelling view of their business. This translates into a more effective marketing effort, where a number of target acquirers make offers for your business.</p>
<p>Premium Price</p>	<p>Our tenacious and highly motivated deal teams are relentless in their search for the right buyer. Price always matters. All owners who have endured the various battles of business deserve the highest price we can achieve for their company.</p>
<p>Trust and Confidentiality</p>	<p>A relationship is not a transaction. Many of our clients come to us early in their process, knowing our reputation for outstanding results. We realize that earning your trust and understanding your distinctive needs and business take time. Building a strong relationship requires patience and a deep commitment to our client's privacy and confidentiality.</p>
<p>International Reach</p>	<p>Buyers and sellers are not constrained by geographic boundaries. Allegiance Capital understands the importance of spanning the globe, which is why we serve clients all over the world with their financial needs. Our international reach has opened a number of remarkable opportunities to exceed client expectations.</p>

Selected Transactions

- T&D Solutions, LLC acquired by Huntsman Gay Global Capital
- Pulice Construction acquired by Grupo ACS
- International Offshore Services, LLC acquired by Platinum Equity
- Precision Motor Transport Group, LLC acquired by Corinthian Capital
- Fiberod acquired by John Crane (wholly-owned subsidiary of Smiths Group London, England)
- J&L Wire Products, Inc. acquired by American Spring Wire Corp.
- Grand Isle Shipyard, Inc. acquired by Huntsman Gay Global Capital
- RWI Construction, Inc. acquired by Sorenson Capital
- Marlin Showcase Company acquired by Venquest Capital Management, LLC
- Horsburg & Scott acquired by Bolder Capital, LLC
- OMI Crane Systems, Inc. acquired by Main Street Capital Corp.
- Smokey Point Distributing, Inc. acquired by Walden Smokey Point, Inc.
- Estorian, Inc. merged with TeraCloud Corporation
- East Teak Trading Group acquired by Walden East Teak, Inc.
- South Texas Stone Company acquired by Acme Brick Company
- Synair Corporation and Chemical Innovations acquired by Hyperlast (wholly-owned subsidiary of British Vita PLC Manchester, England)
- Artlite International received equity investment from private investor
- B3R Country Meats, Inc. acquired by Booth Creek Management, Inc.
- StayHealthy, Inc. received financing from KBK Financial
- Horizon Pharmacies, Inc. received equity investment from Wharton Capital Corp.
- Memorex S.A. de C.V. acquired by Comlasa S.A. de C.V.
- Titan Energy acquired by AES
- LifePort, Inc. acquired by Sorenson Capital
- Nacional Financiera SNC acquired by Atlax S.A. de C.V.
- Elcom Technologies received debt financing and equity investment from Frequency Electronics, Inc.

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