

Glencoe Capital Partners III, L.P.

Investor Presentation to Teachers' Retirement System of the State of Illinois

August 14, 2003

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Glencoe Capital Partners III, L.P.

Overview

▶ Glencoe Capital Partners III, L.P. (“Fund III”) and Affiliate Fund

- \$330 million of available capital closed through May 2003
- Targeting lead-sponsored, control positions in leveraged buyouts and recapitalizations, including going private transactions for publicly traded micro-capitalization companies
- Platform investments will target companies with enterprise values between \$50 million and \$350 million

Glencoe Capital Partners III, L.P.

Overview

- ▶ **Fund III will be managed by Glencoe Capital, LLC (“Glencoe Capital”)**

- ▶ **Established in 1993**
 - Investment manager for two previous funds:
 - ▶ Glencoe Closely Held Business Fund, L.P. (“Fund I”)
 - ▶ Glencoe Capital Partners II, L.P. (“Fund II”)

 - Invested \$217 million of equity capital to date in 15 lead-sponsored transactions:
 - ▶ 268.6% realized weighted average annual IRR as of March 2003
 - ▶ 68.0% realized and unrealized weighted average annual IRR as of March 2003
 - ▶ 2.73x return on capital invested as of March 2003

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Overview

▶ The Executive Network

- Six industry-focused specialty groups
 - ▶ *Business & Media Services*
 - ▶ *Financial Services*
 - ▶ *Industrial Products*
 - ▶ *Consumer Products*
 - ▶ *Food Products*
 - ▶ *Specialty Chemicals*
- Highly organized and active network of over 40 Fortune 1000 senior executives and successful entrepreneurs with specialized operational and managerial expertise
- Integral part of Glencoe's private equity investing operations
- Provides highly proprietary deal sourcing, evaluation, and strategic management of investments
- Significantly, 75% of Fund I and Fund II platform investments, including Bell & Howell in Fund III, were sourced by the Executive Network - not through financial intermediaries

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Overview

▶ Selected Glencoe III Investors

- BMO Nesbitt Burns
- Caisse de dépôt et placement du Québec
- Comerica Bank
- DLJ Merchant Banking
- John Hancock Financial Services
- Massachusetts Mutual Life Insurance Company / David L. Babson
- New York Life Insurance Company
- Ontario Teachers Pension Plan Board
- Phoenix Home Life Insurance
- Sahara Enterprises
- State of Michigan Retirement Systems

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Investment Strategy

- ▶ **Fund III will follow the same successful investment approach utilized by Fund I and Fund II**
 - Target opportunities in industry specialty areas
 - Concentrate on “revitalizations” and “focused growth” investment strategies
 - ▶ Apply financial and operational “change agents” to restore growth and momentum in revitalizations
 - ▶ Pursue follow-on acquisitions in focused growth platforms
 - Leverage the Executive Network’s highly proprietary deal flow
 - Motivate management
 - Employ conservative capital structures
 - Drive the exit

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Investment Strategy

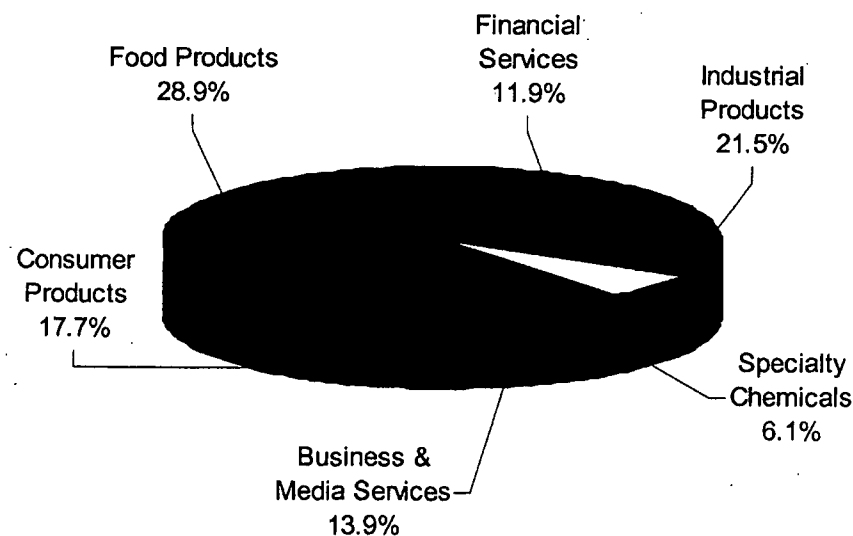
► Maintain pricing and diversification disciplines

**Purchase Price Multiple of EBITDA
for Portfolio Companies**

Company	Acquisition Multiple ⁽¹⁾
Lafayette American Bancorp, Inc.	1.3x
PlayCore, Inc.	5.6x
GameTime	5.9x
Heartland	5.9x
Golden Bear Oil Specialties	5.0x
Mickelberry's, Inc.	5.7x
SMG Holdings, Inc.	5.9x
International Fish & Meat USA, LLC	6.6x
Rimrock Holding Corporation	6.3x
Strategic Equipment and Supply Corporation	6.6x
W.H. Reynolds Distribution, Inc.	5.4x
Kar Products, LLC	6.5x
Brampton Fasteners Co., Inc.	4.5x
C&J Fasteners, Inc.	2.8x
Bell & Howell Company	3.8x
Capital weighted average acquisition multiple (excluding Lafayette American Bancorp, Inc.)	5.6x

(1) Excludes transaction fees and expenses.

**Industry Representation
in Portfolio ^(a)**



(a) By proportion of dollars invested.

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Investment Strategy

▶ Target opportunities in six industry specialty groups

- Business & Media Services
- Financial Services
- Industrial Products
- Consumer Products
- Food Products
- Specialty Chemicals



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Investment Strategy – Revitalization



- ▶ **Bell & Howell Company is a Glencoe Capital revitalization**
 - On September 28, 2001, Glencoe Capital completed the purchase of Bell & Howell Company from ProQuest Company (NYSE: PQE) for \$145.0 million
 - Since closing, Bell & Howell Company has implemented initiatives to streamline its business and customer processes (driven principally by the Executive Network), including:
 - ▶ working capital improvements
 - ▶ lean manufacturing systems
 - ▶ significant debt reduction
 - ▶ new business initiatives
 - On January 2, 2003, Glencoe closed the merger of Bell & Howell with the North American operations of Böwe Systec AG (“Böwe”)
 - ▶ Glencoe has realized \$144 million in cash and short-term notes for its investors (representing a return of approximately 5x its \$29 million investment) and retains a 50% stake in the larger combined company
 - ▶ Glencoe has a put of its 50% stake to Böwe valued currently at \$121 million
 - ▶ Total IRR on a combined realized and unrealized basis equates to 372.9% with a 9.04x return on capital

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Investment Strategy – Focused Growth

PFG

- ▶ **Premium Foods Group, Inc. (“PFG”) is a Glencoe Capital focused growth strategy and the realization process for PFG is well advanced**
 - The Executive Network and Glencoe Capital developed a strategic plan for the specialty meat industry to combine small regional branded meats into a larger entity which would command a higher multiple in a sale to a strategic buyer
 - ▶ In October 1999, Mickelberry’s was acquired for \$17.0 million
 - ▶ In August 2000, PFG acquired SMG Holdings (“SMG”) for \$91.0 million
 - ▶ In November 2001, PFG acquired International Fish & Meat USA (“IFM”) for \$67.6 million
 - As of 9/30/02, PFG reported a run rate EBITDA of \$40 million of which \$26 million was acquired and \$14 million was organic growth
 - In March 2003, Glencoe Capital completed the initial public offering under a Canadian income trust structure of 17.5 million publicly traded units constituting 55% of Specialty Foods Group’s (formerly referred to as Premium Foods Group) equity
 - ▶ The combination of the sales proceeds of the units and the remaining ownership stake represent an IRR of 46.9% and a 2.53x return on capital invested as of March 2003

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Investment Performance

Summary of Capital Return Analysis as of March 2003

(\$ in millions)															
Company	Industry Group	Fund	Type	Date of Investment	Total Equity Invested	Glencoe Entitles Investment at Cost	Glencoe Entitles Realized Value	Glencoe Entitles Unrealized Value ⁽¹⁾	Date of Exit	Glencoe Entitles Total Value	Multiple of Cost	IRR			
Lafayette American Bancorp	Financial Services	Fund I	Platform	Feb-94	\$34.0	\$24.9	\$75.4		Jul-96	\$75.4	3.03x	58.4%			
Playcore, Inc. (formerly Swing-N-Slide Corp.) Game Time Heartland Playcore, Inc.	Consumer Products	Fund I	Platform	Feb-96	29.4	11.9									
				Mar-97	7.5	4.9									
				Feb-99	-	-									
					36.9	16.8	34.5		Apr-00	34.5	2.05	22.5%			
Golden Bear Oil Specialties	Specialty Chemicals	Fund I	Platform	Jul-97	13.0	12.7		\$1.9	N/A	1.9	0.15	N/A			
Premium Foods Group, Inc. Mickelberry's, Inc. SMG Holdings, Inc. International Fish & Meat USA, LLC Premium Foods Group, Inc.	Food Products	Fund II	Platform	Oct-99	8.0	8.0									
				Aug-00	34.5	34.5									
				Nov-01	22.0	18.0									
					64.5	60.5	66.6	86.2 ⁽²⁾	Feb-03	152.8	2.53	46.9%			
Rimrock Holding Corporation	Industrial Products	Fund II	Platform	Dec-99	18.0	13.6		4.1	N/A	4.1	0.30	N/A			
Strategic Equipment and Supply Corporation W.H. Reynolds Distributors, Inc. Strategic Equipment and Supply Corporation	Consumer Products	Fund II	Platform	Jan-00	23.5	15.3									
				Sep-00	7.2	4.8									
				Feb-02	6.0	5.6									
					36.7	25.7		25.7	N/A	25.7	1.00	N/A			
Kar Products, LLC Brampton Fasteners Co., Inc. C&J Fasteners, Inc. Kar Products, LLC	Industrial Products	Fund II	Platform	Mar-00	47.5	22.5									
				Oct-00	9.4	8.0									
				Aug-01	1.5	0.8									
				Feb-02	2.0	2.0									
					60.4	33.3		33.3	N/A	33.3	1.00	N/A			
Bell & Howell Company	Business & Media Services	Fund II	Platform	Sep-01	30.5	29.3	144.0	120.8 ⁽³⁾	Dec-02	264.8	9.04	372.9%			
Total Realized Investments					\$165.9	\$131.5	\$320.5	-		\$320.5	2.44x	268.6%			
Total Realized & Unrealized Investments					\$294.0	\$216.8	\$320.5	\$272.0		\$592.5	2.73x	68.0%			

Notes:

- (1) Unrealized investments are valued at cost, net of reserves, except where noted.
- (2) Value represents remaining shares as priced in the recent public offering.
- (3) Represents a sale of 50% of the holding in December of 2002. The remaining 50% is stated at the expected put price and is discounted to a net present value at 10% per annum.

Glencoe Capital Partners III, L.P.

Investment Performance

- ▶ Over the last nine years Glencoe Capital has produced outstanding returns on capital to its investors. The key elements of Glencoe’s investment strategy contributing to its success includes:
 - Unique fusion of operating and financial skills
 - Highly organized and active Executive Network of over 40 Fortune 1000 senior executives with specialized operational and managerial expertise
 - ▶ Unique to the middle market
 - Strategic design of portfolio investments
 - Dedicated portfolio management
 - Consistent pricing and diversification discipline
 - Concentration on “revitalizations” and focused growth” investment strategies

Glencoe Capital Partners III, L.P.

Summary

GLENCOE CAPITAL / EXECUTIVE NETWORK



Glencoe Capital Partners III, L.P.

Summary of Principal Terms for Fund III

Minimum Investment:	\$3 million
Minimum Investment for Co-Investment Fund Participation:	\$10 million
General Partner Investment:	At least \$5 million
Carried Interest:	20%
Preferred Return:	8%
General Partner Clawback:	Yes
Management Fee:	2% during commitment period, 1 ½% thereafter
Commitment Period:	5 years
Partnership Term:	10 years

Glencoe Capital Partners III, L.P.

Co-Investment Fund

- ▶ **Glencoe Capital Institutional Partners III, L.P. (“Co-Investment Fund”)**
 - Organized in tandem with Fund III to provide co-investment in an efficient and timely manner
 - Continuation of Glencoe Capital’s highly successful Co-Investment Management Program for Fund I and Fund II

Appendix A

Management Team

Glencoe Capital Organizational Chart

David Evans, Chairman
Gary Appel
Jack Burgman
Tom Garvin, Executive Network
Hollis Rademacher, Executive Network

David Evans, Chairman
William McGrath, Vice Chairman
Ron Wray, Managing Director
Jason Duzan, Vice President
Ben Kahn, Vice President
Beth Satterfield, Vice President
Mark Agnew, Associate
Peter Martay, Associate
Eric O'Dell, Associate

Jack Burgman, Principal
Louis Manetti, Principal

Chris Collins
Vice President

Judy Tran, Controller
Michelle Stone, Office Manager
Laura Kalo, Executive Assistant
Cessy Vollen, Executive Assistant
Caren Evers, Receptionist

Glencoe Capital Partners III, L.P.

Management Team

David S. Evans, *Chairman*

- ▶ 19 years of experience in merchant and investment banking, principal investing, and private equity
- ▶ Co-founded Glencoe Capital in 1993
- ▶ Chairman, Glencoe Capital Investment Committee
- ▶ Serves on boards of directors of Premium Foods Group, Inc. (Fund II) and Bell & Howell Company (Fund II and Fund III)
- ▶ Formerly with Donaldson, Lufkin & Jenrette and Handelsman & Co.
- ▶ Earned a B.G.S. in economics and history from the University of Michigan and an M.B.A. with Honors from the University of Chicago Graduate School of Business

Gary B. Appel, *Vice Chairman*

- ▶ 25 years of experience in merchant and investment banking and private equity
- ▶ Broad experience in all areas of public and private financings, as well as mergers and acquisitions and financial advisory assignments for a wide variety of companies around the world
- ▶ Former Senior Managing Director at Bear Stearns, Managing Director of Donaldson, Lufkin and Jenrette, and founding Partner of DLJ Merchant Banking
- ▶ Earned a B.A. with honors from Vassar College and an M.B.A. from Columbia University

Glencoe Capital Partners II, L.P.

Management Team

William J. McGrath, *Vice Chairman*

- ▶ 30 years of experience in mergers, acquisitions, divestitures, and joint ventures with substantial experience in private equity investment, corporate governance, strategic alliances, and tender offers
- ▶ Affiliated with Glencoe Capital since 1993
- ▶ Serves on boards of directors of Rimrock Corporation (Fund II), and Tomy Corporation
- ▶ Previously a partner with the international law firm McDermott, Will & Emery
- ▶ Earned an A.B.c.l., magna cum laude, from John Carroll University, an M.A. in political science from Loyola University of Chicago and a J.D. from Harvard University Law School

Ronald D. Wray, *Managing Director*

- ▶ 11 years of experience in private equity and principal investing
- ▶ Joined Glencoe Capital in 1999
- ▶ Serves on boards of directors of Kar Products, LLC, (Fund II) and Strategic Equipment and Supply Corporation (Fund II)
- ▶ Former Executive Vice President of the Pritzker Family Investment Office and tax and audit professional with Ernst & Young
- ▶ Earned a B.S. in accountancy, summa cum laude, from Northern Illinois University, an M.S. in Taxation with Distinction from DePaul University, and a J.D. from Chicago Kent College of Law

Glencoe Capital Partners III, L.P.

Management Team

Jon A. Burgman, *Principal and Director of Portfolio Management*

- ▶ 30 years of diverse management experience, including positions in operations, marketing, sales, strategy, accounting, finance and general management
- ▶ Extensive experience in mergers and acquisitions, restructuring of under-performing businesses and post-acquisition integrations
- ▶ Former Partner with Tatum CFO Partners, LLP, CFO and Treasurer of Culligan Water Technologies and President of Transco Products, Inc.
- ▶ Earned a B.B.A. in accounting from Loyola University of Chicago, and an M.B.A. from the University of Chicago Graduate School of Business

Louis J. Manetti, *Principal*

- ▶ 20 years of experience in all aspects of mergers and acquisitions
- ▶ Extensive expertise in managing, integrating, and restructuring acquired businesses
- ▶ Significant background in evaluating and establishing financial reporting systems and progress/performance assessment
- ▶ Former Integration Manager for Eastman Kodak Company, Vice President Operations and General Counsel of Bell & Howell Company, and Senior Manager of Price Waterhouse
- ▶ Earned a B.B.A. in public accounting from Loyola University of Chicago, a J.D. from The John Marshall Law School, and an M.B.A. from the Kellogg School of Management at Northwestern University.

Appendix B

Executive Network Chairmen

Glencoe Capital Partners III, L.P.

Executive Network Chairmen

John W. Ballantine, *Financial Services Group*

- ▶ Director / Trustee of Scudder Funds, First Oak Brook Bankshares, The Oak Brook Bank and Tokheim Corporation, and Enron Corporation (May 2002)
- ▶ Former Executive Vice President and Chief Risk Management Officer at the First National Bank of Chicago and First Chicago NBD

Robert K. Burgess, *Consumer Products Group*

- ▶ Board Member, Strategic Equipment and Supply Corporation (Fund II); Beaumont Hospital; Oakland Housing, Inc.; Michigan State University Eli Broad Business School; and the Michigan State University President's Council
- ▶ Former President and CEO of Pulte Corporation

Robert M. Gerrity, *Industrial Products Group*

- ▶ Board Member, Rimrock Corporation (Fund II); Birmingham Steel Corporation; Standard Motor Products; and Libralter Engineering Systems.
- ▶ Former Vice Chairman of New Holland n.v. and has held various senior executive positions at Ford Motor Company

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Executive Network Chairmen

Terence S. Malone, *European Executive Network*

- ▶ Chairman of the Board, Strategic Equipment and Supply Corporation (Fund II); former Chairman, PlayCore, Inc. (Fund I)
- ▶ Former Chairman, President, and CEO of Johnson Worldwide Associates, Inc. and has held various senior executive positions at S.C. Johnson Wax

George E. Marton, *Business & Media Services Group*

- ▶ Chairman of the Board, Bell & Howell Company (Fund II and Fund III)
- ▶ Current President and CEO, Global Video, LLC
- ▶ Former COO of Modern VideoFilm, Inc. and President and CEO of Spaulding Composites Company

Edward L. McMillan, *Food Products Group*

- ▶ Chairman of the Board, AEI Environmental Inc., and Board member, Premium Foods Group, Inc. (Fund II); CHB LLC; DurVet, Inc.; NEWCO Enterprises, Inc.; and University of Illinois Research Park, LLC
- ▶ Current CEO, McMillan LLC, Ad hoc Professor at Purdue University and Advisor to the University of Illinois College of Agriculture
- ▶ Former President and CEO of Ralston Purina Company – Purina Mills, Inc.

Glencoe Capital Partners III, L.P.

Executive Network Chairmen

Enrique J. Sosa, *Specialty Chemicals Group*

- ▶ Member of the Board of Directors of FMC Corporation and DSM, N.V.
- ▶ Former Director of Electronic Data Systems (EDS), Destec Energy and Dow Corning and was the past President of The American Chamber of Commerce
- ▶ Former President and CEO of BP Amoco Chemicals (BP Amoco Corporation) and President of Dow North America (The Dow Chemical Company)