

IPAA Private Capital Conference

“Navigating the Process”

Rivington
Capital Advisors, LLC

January 24, 2012



Discussion Topics

- **About Rivington Capital Advisors, LLC**
- **Keys To A Successful Private Capital Process**



About Rivington Capital

About Rivington Capital

■ Independent “Boutique” Investment Banking Firm

- Agent Platform (No Capital) with Co-Investment Capabilities
- Energy Focus; Predominately Upstream
- Capital Placement & M&A
- 40* Employees in Two Offices (Houston and Denver)

■ 10 Year Track Record

- 64 Transactions – \$4.2 Billion
- Predominately Private Companies
- 100% Private Capital

* Includes Rivington Financial Services, an affiliate that provides full service accounting services to the upstream sector

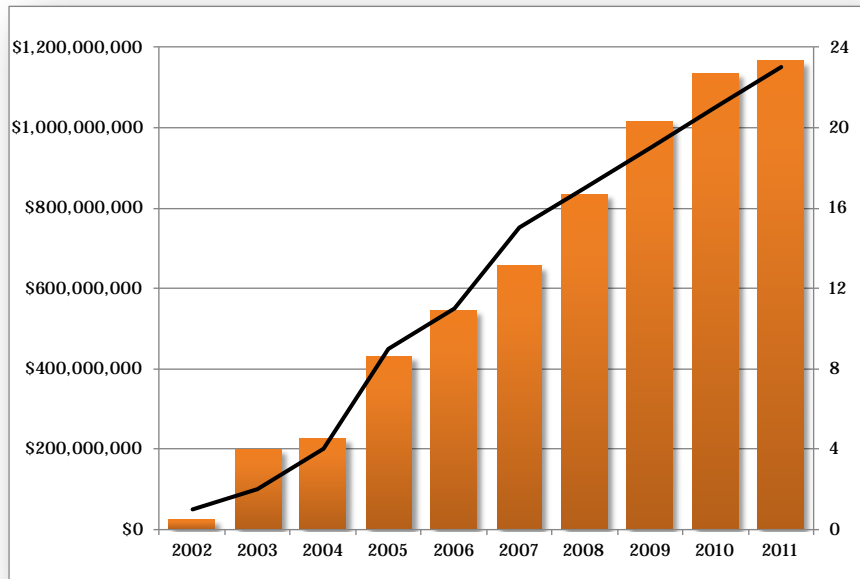
About Rivington Capital (con't)

- **Two Core Business Strategies**
 - 1) **Capital Placements (Raising Money)**
 - 2) **Business Advisory – Contract Finance and Accounting**

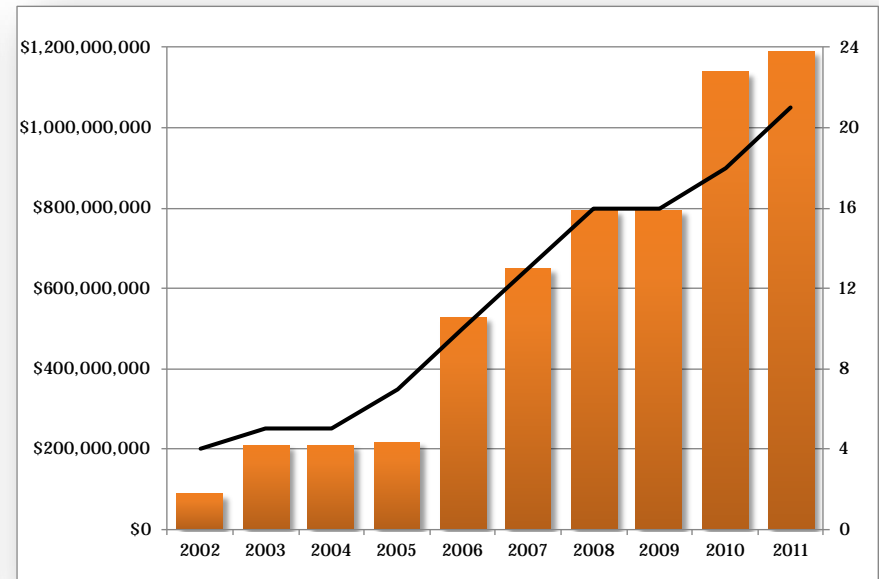
- **Capital Placement Business Employs “Success-Based” Compensation Model**

Private Capital Credentials

CUM Private Debt Placements (23)



CUM Private Equity Placements (21)

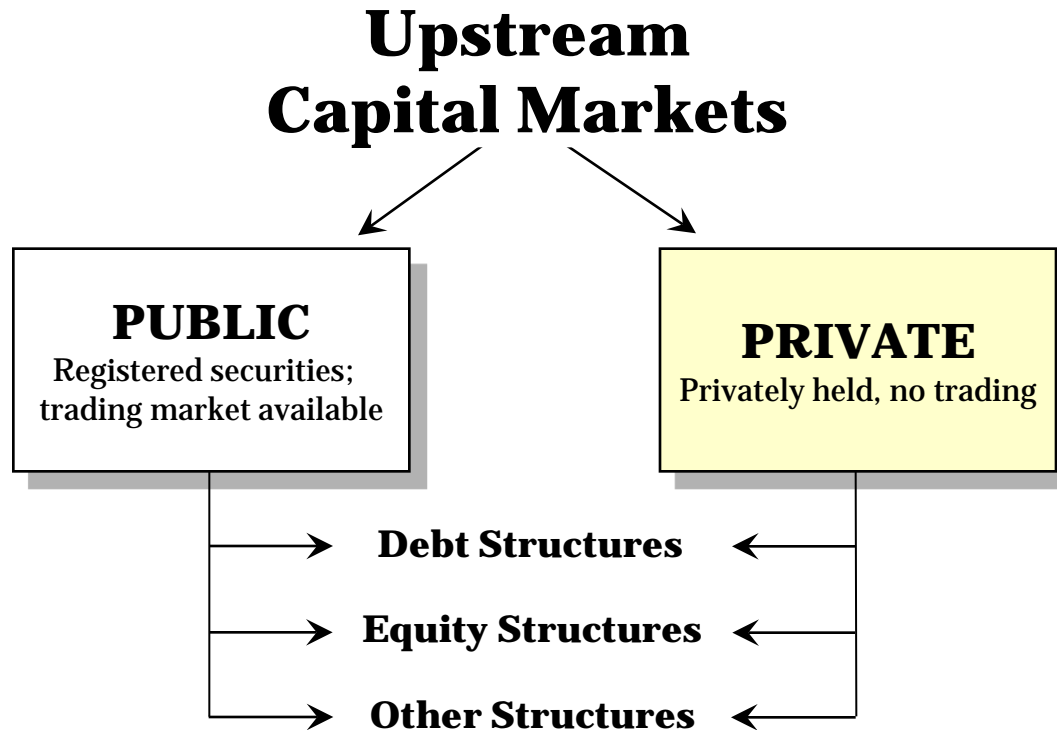


Over the last 10 years, Rivington has successfully closed 44 private capital transactions having an aggregate value of approximately \$2.4 billion

Keys To A Successful Private Capital Process



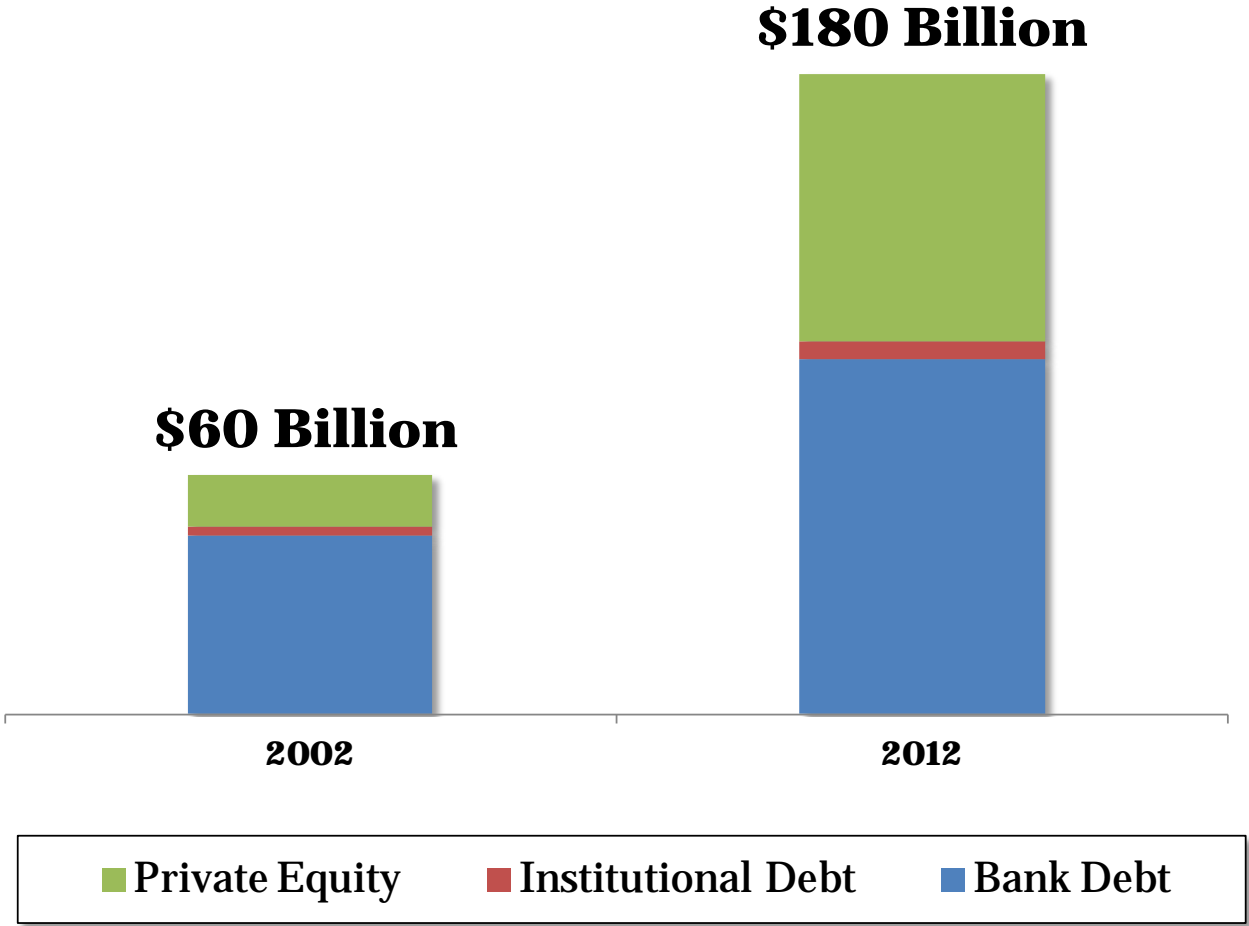
Capital Markets Summary



Broadly defined, the private capital markets are “illiquid” markets for cash and cash alternatives. These markets are vast and can take many forms.

Upstream Private Capital Explosion

(Capital Deployed & Available; Rivington Estimate)



Keys To A Successful Private Capital Process

■ Maximize Probability of Success By:

- Knowing your audience – first impressions are very meaningful
- Knowing the competitive landscape – what are capital providers' alternatives?
- Knowing the market – narrow initial bid/ask spread
- Knowing how you intend to make money – must be stated clearly and succinctly

■ Address Three Critical Elements

- 1) Management's track record
- 2) Risk / reward proposition – growth and exit
- 3) Management / capital provider alignment
 - Upfront valuation (if any)
 - Management investment (required)
 - Management compensation (current and long-term or “back in”)

Keys To A Successful Private Capital Process (con't)

■ Process Failures (Or Negative Feedback)

- October 2008 – October 2009
- Didn't address ALL of the critical elements outlined above
- Initial transaction is overly complicated or “sticky”
- Demonstrable track record of growth with no liquidity (cash on cash returns)
- Management reputation

■ Lessons Learned

- Tapping private capital market is a privilege not a right
- The “golden rule” applies, get over it or move on
- PE is a “one step back, two steps forward” valuation market
- Be prepared – initial impression is very important
- Stick to your knitting

Keys To A Successful Private Capital Process (con't)

■ Always Hire A Financial Advisor

- Market & product knowledge
- Relationship with private capital providers
- Competitive marketing process (**highest value added**)
 - Publish a complete and uniform data set
 - Arrange meetings with multiple capital providers
 - Compel capital providers to react within a tight window of time
 - Results will be market clearing (good or bad)
- Rivington's typical marketing process:
 - 90 days for debt capital
 - 120 days for equity capital
 - 15 capital providers
 - 30% conversion ratio

Thank You!

