



## **BSMB and Churchill Capital Announce Formation of Churchill Financial Holdings**

New York, NY– February 24, 2006 – Bear Stearns Merchant Banking (“BSMB”) and Churchill Capital today announced the formation of Churchill Financial Holdings LLC (“Churchill Financial”). Based in New York, Churchill Financial is a newly formed middle market commercial finance company. BSMB, a leading private equity investment firm, and Churchill Capital, a leading provider of subordinated debt and equity capital to the middle market, are jointly sponsoring the formation of Churchill Financial.

Churchill Financial will focus on providing senior and mezzanine debt financing to smaller middle market companies, a market generally underserved by larger commercial and investment banks. The new firm will target leading private equity firms and other investors that focus on acquiring and growing these companies. Churchill Financial has initial committed capital of over \$500 million to support its financing activities.

A senior management team with broad and deep experience has been assembled at Churchill Financial. Ken Kencel, formerly Head of Leveraged Finance at Royal Bank of Canada and Head of Indosuez Capital, who will be Chief Executive Officer, will lead the team. George Kurteson, formerly Senior Managing Director at GE Capital and a Member of the Leadership Team for GE/Antares, will serve as Chief Operating Officer. Alastair Merrick, formerly CFO and Director of Operations at IBJ Whitehall, will serve as Chief Administrative Officer.

“The growth of private equity focused on the middle market continues to create strong demand for middle market LBO financing,” said David King, Senior Managing Director of BSMB. “Recent consolidation in this industry has left many middle market financial sponsors seeking alternative senior lending relationships. We look forward to working with Ken and his management team to develop and grow this business.”

“Partnership is critical to Churchill,” added Mike Hahn, CEO and President of Churchill Capital. “Over Churchill’s long history of serving the middle market, we have partnered with many diverse entities while keeping our formula for success simple and consistent – we associate with exceptional people who can get the job done. We believe we’ve found a solid, experienced management team headed up by Ken, and a truly value-added partner with BSMB.”

“BSMB has a terrific reputation of working closely with experienced management teams to provide capital and investment expertise that enables firms to grow and become leaders within their industry,” said Ken Kencel. “We are delighted to be

partnering with such strong financial partners as BSMB and Churchill Capital to build a first class middle market commercial finance business. As many of the larger commercial and investment banks have moved up market to focus on larger more capital markets-oriented transactions, they have left a void in the smaller end of the middle market for traditional senior and mezzanine debt financing. We intend to be a reliable, focused provider of debt capital to these companies and their equity sponsors. This is a market that the principals at both BSMB and Churchill Capital know well and have been investing successfully in for many years.”

Piper Jaffray & Co. and IXIS Capital Markets N.A. served as advisors to Churchill Financial in connection with the transaction.

### **About BSMB:**

Bear Stearns Merchant Banking, the private equity affiliate of Bear Stearns & Co. Inc. (NYSE: BSC) invests private equity capital in compelling leveraged buyouts, recapitalizations and growth capital opportunities alongside superior management teams. BSMB currently manages more than \$3.5 billion of private equity capital. Since its inception in 1997, BSMB has been an investor in 42 portfolio companies across a broad range of industries. In addition to Churchill Financial, recent investments by BSMB include: ACA Capital Holdings, Aearo Technologies, Balducci's, CamelBak Products, Cavalry Investments, Hand Innovations, Multi Packaging Solutions, New York & Company, Reddy Ice, Seven for all Mankind, Stuart Weitzman, Transamerican Auto Parts and Vitamin Shoppe. BSMB's affiliate, Bear Growth Capital Partners, focuses on making equity investments in middle market companies valued between \$50 million and \$100 million. More information about BSMB can be found at [www.bsmb.com](http://www.bsmb.com).

### **About Churchill Capital:**

Churchill Capital is an independent, privately held corporation with an over 17-year history of successfully investing mezzanine debt and private equity in middle market companies. Founded in 1987 by Chairman John J. “Hap” Fauth and CEO Michael J. Hahn, Churchill Capital has invested more than \$1 billion in more than 110 middle market companies with investment sizes ranging from \$5 million to \$50 million. Churchill Capital, with over 30 professionals located in Minneapolis, Minnesota, has completed investments with over 125 capital partners throughout the United States and Canada in a wide variety of industries and sectors. For more information about Churchill Capital, visit [www.churchillnet.com](http://www.churchillnet.com).

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