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Blue Wolf's Partner, Michael Ranson, was featured in this month's edition of *Private Equity Analyst*, a publication of Dow Jones. We thought you might be interested in the article. Please contact Adam Blumenthal (Adam@blue-wolf.com), Michael Ranson (Michael@blue-wolf.com) or Charles Miller (Cmiller@blue-wolf.com) to discuss any of the issues raised in this article, or to assess our interest in a potential investment.

Dow Jones Private Equity Analyst

Blue Wolf's Ranson Bets That Nice Guys Can Finish First

By Shasha Dai
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A positive attitude and a warm heart may not be words that immediately jump to mind when most people think of a turnaround manager. Sometimes characterized as 'vulture investors,' these professionals often must deliver difficult news to a struggling company just as it hits its lowest point.

But 38-year-old Michael Ranson, a partner at Blue Wolf Capital Partners, defies the stereotype, according to acquaintances, who say that his warmth and positive attitude have helped him win the hearts and minds of various constituents, including labor unions, landlords, vendors and management.

"Michael exhibits balance in all things," said Mark Steele, chief executive of Gloucester Engineering Co., a New England-based manufacturer of equipment used in making plastic products, which emerged from bankruptcy this year with Blue Wolf's backing. "He is smart, listens patiently, speaks plainly, always prepares thoroughly and treats everyone with dignity and respect."

Back in 2010, Gloucester was laden with debt and near foreclosure by its creditors. The company even sent a letter to customers asking them not to order from Gloucester any more. The International Association of Machinists approached Blue Wolf about investing in the company, in part due to the firm's reputation for its ability to work effectively with unions. Early on, Ranson was heavily involved in Gloucester's rejuvenation. "Michael brought a level of passion of wanting to save the business," said Jeff Wolf, a partner with law firm Greenburg Traurig LLP advising Blue Wolf on the transaction. "He was tenacious in attacking every problem and leaving no stone unturned."

Ranson tackled the company's liabilities in a piecemeal fashion, spearheaded a bankruptcy reorganization, and converted the debt to equity upon it emerging from Chapter 11. One of the trickiest parts of the process was renegotiating contracts with the machinists' union, the very organization that brought Blue Wolf the deal. The prior

contract stipulated 54 job classifications, meaning that each of Gloucester's 17 union employees was a job leader entitled to additional perks and benefits. Ranson oversaw reducing job classifications to four, and negotiated the company's right to outsource certain less-specialized positions.

"That moved the needle much more than going after Joe's pension," Ranson said. Gloucester also hired back some union members and added jobs in the engineering, sales, finance and production departments. Now, about nine months after emerging from bankruptcy, Gloucester is gearing up for acquisitions. Ranson said Gloucester's revenue this year will reach \$20 million to \$25 million, up from about \$8 million in 2010, and it could hit \$35 million in 2012.

Another Ranson deal, for building products supplier American Builders Supply Inc., exemplifies his business acumen, say acquaintances. Located in Florida, the ground zero of the housing market slump, American was, like Gloucester, near foreclosure. Company founder Chad Barton approached about a dozen private equity firms and was particularly impressed with Ranson's readiness to listen to American's employees, suppliers and customers. Like Gloucester, American is seeking to grow in part through acquisitions now that it has a clean balance sheet.

Blue Wolf co-founder Adam Blumenthal was Ranson's mentor at American Capital Ltd., hiring him in late 1999 as an associate while serving as chief operating officer. Blumenthal describes Ranson as having a combination of market and transaction skills and "an entrepreneurial mindset."

"To find one person that can hold a very delicate situation together, that's quite unusual," Blumenthal said of Ranson.

Michael Ranson

Career Path: Joined Blue Wolf Capital Partners in 2008 from GoldenTree Asset Management, and had previously worked at American Capital Ltd.

Education: B.A. from Duke University

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