

ICV CAPITAL PARTNERS ACQUIRES STERLING FOODS, INC.

Investment Firm Completes First Acquisition, Valued at \$35 Million

NEW YORK, **October 4, 2001** -- ICV Capital Partners, LLC, a private equity investment firm, announced today that it had completed the acquisition of Sterling Foods, Inc., the leader in shelf-stable bakery products for the military and commercial markets, in a deal valued at \$35 million.

ICV, based in New York and Sterling's management team committed \$15.1 million in equity to the transaction. In addition, a \$21 million senior credit facility was provided by Heller Financial.

Sterling is the first investment for ICV, which last March completed raising its initial private equity investment fund of \$130.5 million, ICV Partners, L.P. The firm, which is 51 percent minority owned, is focused on investing in companies that operate in or hire from inner cities, or companies that are owned by ethnic minorities or active in ethnic-minority markets.

Willie E. Woods, an ICV managing director, said that Sterling Foods, based in San Antonio, Texas, is "an outstanding company that represents many of the things we look for."

"It has excellent management and has grown rapidly over the last five years, more than doubling its sales and adding more than 150 workers," Woods said. "In a tight labor market, Sterling has been proactively recruiting from low-to-moderate income communities in San Antonio, where it has found an available and talent-rich workforce."

John D. Likovich, the president and chief executive officer of Sterling, commented: "Today, Sterling has more than 250 employees and believes one of its true competitive advantages is its skilled and loyal workforce, 85 percent of whom are ethnic minorities. In addition, to accomplish Sterling's revenue growth goal of doubling revenues again, we will have to create an additional 100-150 new jobs over the next five years."

Likovich said Sterling Foods manufactures approximately 60 high quality shelf-stable products, most of which have been developed for both the military and commercial customers. Sterling has been supplying the military since 1971, he said and has been given the highest "best value" rating based on quality, delivery and price.

Sterling brings together comprehensive research and development and manufacturing at its state-of-the-art facility in San Antonio. The Research and Development Department is a key element of the company's success, Likovich noted, having developed an expertise in shelf-stable technologies and manufacturing. Sterling has assisted Natick, the

government's research lab, in the development of new products and the improvement or cost reduction of existing products.

The Company has also participated in a government initiative to improve appeal of food products among troops that includes offering products with familiar brand names, as opposed to traditional private label products in unappealing packaging. Sterling has developed co-branded products with such national brands as Sunkist, Hershey's, Ocean Spray, M&M and Reese's Pieces.

"For more than 20 years, Sterling has been recognized as the leading provider of the highest quality shelf-stable bakery and snack food products and is known for its technological leadership," said Woods. Several years ago, he noted, Golden Valley Microwave Foods, a subsidiary of ConAgra, approached Sterling on a soft pretzel project. Sterling worked with Golden Valley Microwave Foods for two and a half years to develop the first ever shelf-stable soft pretzel, with a product life of five months. The pretzel is now being sold nationally by several mass merchandisers, including Wal-Mart.

"Significant opportunity exists," Woods said, "for Sterling to continue to leverage its production and product development expertise for products to other commercial customers, especially with the current strong trend for co-packaging between large food companies and niche food companies such as Sterling." ICV Capital Partners intends to make investments of \$5 million to \$30 million of equity capital in companies with annual revenues generally ranging between \$20 million and \$150 million. Industries in which ICV is interested include business services, consumer products and services, food processing, healthcare, industrial manufacturers and media.

Woods and his partner, managing director Tarrus L. Richardson, collectively have more than 25 years of experience in the investment and financial advisory arenas. ICV is 49 percent owned by ICIC Enterprises, founded by Harvard Business School Professor Michael E. Porter and American Securities Capital Partners, L.P., a \$1 billion private equity investment firm. ICV's limited partners are a group of blue chip institutional investors.