

Case Study

“It’s a credit to GE that they have the entrepreneurial flexibility of a small company, combined with the resources of a big company.”

Steven Vick
President and Chief Executive Officer
Assisted Living Concepts



Large-company resources, small-company flexibility help GE assist ALC

A \$50 million financing package provided to Assisted Living Concepts (ALC) by GE Healthcare Financial Services was the latest step in a close relationship that began in financially challenging times.

Two and a half years ago, GE provided debtor-in-possession (DIP) financing for approximately \$44 million to ALC when the company went through Chapter 11 reorganization.

"Obviously, a company undergoes bankruptcy because of financial pressures," notes Steven Vick, President and Chief Executive Officer of ALC. "GE brings experience to the table in financially difficult times, when a company needs access to capital."

"GE's unique flexibility to offer both a term loan and a revolver was a big differentiator."

Looking beyond bankruptcy

Rapid growth and too much debt were the reasons for ALC's reorganization. With its experience in both senior housing and DIP financing, combined with its understanding of ALC's unique business model, GE was able to see beyond the company's bankruptcy to its management plan and the underlying value of its real estate.

As ALC completed a successful restructuring and emerged from bankruptcy, GE provided it with a five-year term loan as take-out financing on the DIP loan.

A successful turnaround

Since the reorganization, ALC's performance and profitability have improved steadily. The latest \$50 million facility provided by GE has two components – a \$35 million term loan to refinance the previous loan coupled with a \$15 million revolving loan. Priced lower than the previous term loan, the new loan substantially decreases ALC's debt service cost, or interest expense, and improves the company's bottom line.

The latest transaction also increases ALC's financial flexibility. Built-in release provisions, for example, allow ALC to sell or refinance individual assets out of the loan. In addition, the company can draw up and down on the \$15 million revolver when it needs money – much like it would on a savings account.

The strength of GE

Although Vick shopped around with other lenders, he was drawn to GE's "marquee status," as he puts it. "GE's size, strength and its position in the industry all came into play," he notes. "What's more, we already had experience with them. It had only been a couple of years since our restructuring, so they knew a lot about our company and our assets." Other factors entered into Vick's decision as well – including GE's competitive pricing, its experienced underwriters, and its unique flexibility in offering both a term loan and a revolver.

"That was a big differentiator," he notes. "It's a credit to GE Healthcare Financial Services that they have the entrepreneurial flexibility of a small company, combined with the resources of a big company."

For more information on how we can help you successfully meet your business objectives, contact us at 1-800-598-6201 or visit us at www.gehealthcarefinance.com.



Provider Profile

Assisted Living Concepts, Inc.
Dallas, Texas

Serving the needs of older adults who require help with daily living activities such as eating, bathing, dressing and medication management, Assisted Living Concepts owns, leases and operates 177 residences in 14 states.

Founded in 1994, ALC has a unique business model that caters to the needs of smaller, rural communities. All ALC residences are located in communities with populations averaging between 5,000 and 10,000, and offer residents the services they need at affordable rates if they don't need 24-hour continuous care.

Lender Summary

GE Healthcare Financial Services provides ALC with:

- \$50 million senior credit facility consisting of:
 - \$35 million term loan
 - \$15 million revolving loan
- Experience in senior housing and the complexities of debtor-in-possession (DIP) financing
- Understanding of healthcare and of ALC's unique business model
- Flexibility and creativity in tailoring terms and products to ALC's needs



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