FOR OWNERS

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For over a quarter century, buyers and owners in the middle market have relied on Valufinder's experience and acumen to reach the goal of a fair and equitable transaction. At Valufinder, we take the time to understand the objectives of the owner and the acquisition criteria of the buyer, in order to provide realistic and appropriate opportunities, while striving to give honest, intelligent and objective advice.

> ***Valufinder is clearly the most talented and prolific deal initiator I've worked with in my career. Valufinder Group is distinctive because of their intelligence and creativity in developing proprietary ideas. They are tireless. I can't think of anyone better at origination than Valufinder.***
>
> \- John D. Howard
> Chief Executive Officer
> Bear Stearns Merchant Banking

We respect and appreciate the initiative, hard work, risk and sacrifice necessary to build any organization, as well as the emotional ties that an owner has to the business. We are successful because we gather information on the history, current circumstances, motives and objectives that the owner and buyer bring to the discussions. By examining these factors, we anticipate, avoid or solve potential problems. As an intermediary, we create a road map, free of obstructions, which paves the way for a successful transaction.

Valufinder's professionals, with over 125 years of collective merger and acquisition, and financing experience, provide the analysis, perception and creative thinking to foster the right solution for both buyer and owner.

At Valufinder, we pride ourselves on two abiding principles: trustworthiness and commitment. First, we believe, without exception, that buyer and owner are entitled to complete confidentiality. Second, we are devoted to the needs of the buyer and owner in facilitating a mutually fair and acceptable transaction. Both principles are the foundation of our professional relationships and conduct. Our reputation rests on them. They are not just part of our business; they ARE our business.

The Firm — Since 1979, Valufinder Group, Inc. (Valufinder), a boutique investment banking firm, has been providing corporate transaction advisory services for mergers and acquisitions, and corporate financings to both owners and buyers in the middle market.

Policy — Valufinder's core policy is to help ensure a fair and equitable transaction. We never try to convince either the owner or buyer to do a transaction, but to present the facts, as best as we know them, and let the parties decide what is right for them.

Clients — Valufinder's clients are highly respected corporations (both public and private) and buyout firms who have come to trust our ability to generate liquidity events, and proprietary deal flow that is outside the usual auction environment. Both owner and buyer appreciate the confidential conversations, where the owner's options are fully explored and understood before any final decision is made by either side or, if ever, announced to the outside world.

Professional Staff — Valufinder's professionals have over 125 years of combined transaction experience. They are dedicated to providing the owner and buyer with perceptive and wise counsel. For our team the needs of the owner and buyer are always the first priority.

Transaction Parameters — Acquisition candidates are typically companies with revenues between $10 and $500 million, with Adjusted EBITDA between $2 and $75 million. Valufinder also works extensively with companies that are in a 'turn-around' mode.
Financing candidates are normally companies with an Adjusted EBITDA of between $5 and $40 million. Valufinder also works with companies that have problems that require unique solutions.

Transactions — Valufinder's professionals, at the firm or in their earlier careers, have successfully initiated over 150 completed transactions in a variety of industries, with an aggregate seller's enterprise value in excess of $7.5 billion.

> *None of us is as smart as all of us together.*
>
> \- Anonymous

Jay M. Aidikoff, Managing Director, is the founder of Valufinder Group Inc., and the driving force behind the successful origination and facilitation of transactions exceeding $3.5 billion in value over a broad spectrum of industries. Jay's breadth of experience and industry knowledge has enabled him to build one of the leading buy side intermediary organizations in North America focusing on the middle market. The depth of Jay's expertise, spanning over 30 years and through all investment climates, has given him the ability to develop insightful and creative transaction solutions which take into consideration the personal and economic needs of both the owner and buyer/investor. Through Jay's unwavering leadership, Valufinder is sensitive and flexible to the needs of the ever changing market and continues to create new products and services accordingly. Jay founded Valufinder in 1979 following his investment-banking career in corporate development at Merrill Lynch, where he dealt with some of the largest private corporations in North America. Jay is a graduate of American University. Jay can be reached at: jaidikoff@valufindergroup.com

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Brian S. Levine, Senior Vice President, joined Valufinder as a Vice President in 1999 and was promoted to Senior Vice President in 2006. Brian has facilitated transactions in a myriad of industries, including retail, publishing, automotive, apparel, and health care, with particularly strong experience in the Canadian market. Prior to Valufinder, Brian was President of Actors Reps, a talent agency in television and film, and Director of the London office of LCS Industries, Inc., management consultants specializing in telecommunications and database marketing. Brian graduated Magna Cum Laude with a B.A. in Economics from Middlebury College, received honors from the London School of Economics, and has an M.B.A from the University of Chicago Graduate School of Business. Brian can be reached at: blevine@valufindergroup.com

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Sherri E. Yingst, Vice President of Research, has provided research and related services to Valufinder Group since 1993. Sherri currently manages the team of researchers dedicated to Valufinder's highly regarded Retained Search program. Prior to joining Valufinder, Sherri was employed for fifteen years providing financial research and analysis to a broad spectrum of companies and institutions, including the Interpublic Group of Companies (parent company of global advertising giant McCann Erickson), TIAA-CREF (one of the largest financial services companies in the United States, with $420 billion under management) and Columbia University. Sherri has a B.A. from the State Universtiy of New York and an M.B.A from the Fordham Universtiy Graduate School of Business. Sherri can be reached at: syingst@valufindergroup.com

Philip L. Berliner, Vice President, has served as a senior vice president of corporate finance at Zanett Securities, a private investment company, where he specialized in the origination, structure, and private placement of equity in public companies. Prior to that, he was responsible for investment decisions affecting the performance of a small private equity fund. Philip began his career in finance at Drexel Burnham Lambert before joining Paine Webber as a derivatives strategist and then as an equity analyst. Philip holds a B.A. in Economics from Boston University, was a visiting student at Harvard University, and received an M.B.A. in Corporate Finance from Fairleigh Dickinson University, where he graduated with honors. He is a CFA (Level 2) candidate. Philip can be reached at: pberliner@valufindergroup.com.

Victor G. Danett, Vice President, has worked in middle market investment banking since 1990. Most recently he was Managing Director at Meramec Advisors, a private placement and consulting firm, where he specialized in structuring and placing various types of financial securities for private firms. Prior to Meramec, he was responsible for business development for real estate lending at Banque Indosuez. Victor began his career in multinational corporate lending at Citibank, N. A. specializing in unique lending instruments. Victor has an A.B. from Princeton University's Woodrow Wilson School and an M.P.P. from Harvard University's JFK School of Government. Victor can be reached at: vdanett@valufindergroup.com

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George Michas, Vice President, worked most recently as President of CCF Charterhouse, Inc., the New York branch of the English merchant bank, where he led a ten-person team specializing in cross-border mergers and acquisitions. Prior to that, he was a partner at Gerschel & Co., a small investment boutique in New York City, where he was involved with mergers and acquisitions and private equity investments. George started his career with Smith Barney & Co. where he spent over twenty years in corporate finance, including a 2-year posting to Paris and a 5-year tour in London. He holds a B.A. degree, cum laude, from Yale University, where he won a Fulbright Scholarship and a Carnegie Fellowship, and an M.B.A. from the Columbia University Graduate School of Business. George can be reached at: gmichas@valufindergroup.com.

David E. Schenkel, Vice President, has been a consultant in management optimization and organizational development and has worked with the management teams of organizations including Pfizer, L'Oreal, Coach, Planned Building Services, Deere Real Estate and Children's Television Workshop (Sesame Street). As a Senior Manager of Organizational Development for the $5.9 billion REIT Mack-Cali Realty, David was responsible for the operational integration of all acquired companies and the rationalizing of operating assets. In addition, David has worked as a senior corporate executive in commercial real estate managing assets for institutions including CalPERS, Sterling Equities, Deutsche Bank, Shearson Lehman Hutton, Mitsui Fudison, TIAA-CREF and Bristol Meyers Squibb. David is a Professor of Management at Baruch College in New York City and is a graduate of Brooks Institute in Santa Barbara, California. David can be reached at: dschenkel@valufindergroup.com

Being in the Right Place at the Right Time

We believe in working hard and in working smart. Because both buyers and owners experience changing circumstances, we constantly update our databases and look for new buyers and owners. However, even superior work habits can be helped by "being in the right place at the right time." Call it good fortune or just plain dumb luck. It can't be planned for, but luck nevertheless exists.

Where Do Ideas for Prospects Come From?

From time to time we encounter either individuals or organizations that become aware of a potential seller or an owner who is looking for some liquidity. You could walk down the aisles of a major retailer and think that Company A's products fit perfectly with those of Company B. Or you might read an article in the paper about a deal that fell apart.

> ***Luck generally comes to those who look after it; and my notion is that it taps, once in a lifetime, at everybody's door, but if industry does not open it luck goes away.***
> - Charles H. Spurgeon

Alternatively, you could have talked with:

- Someone at a cocktail party who says that a certain firm could, should, might be for sale or an owner is looking to diversify his holdings
- A business acquaintance who tells you that a division at their company no longer fits
- An owner who says he wants to make a life change/has health issues/needs to address succession issues or wants to provide security for his family
- A customer who suggests in passing some form of combination

The source for potential deals is inexhaustible. And, to be honest, most of these ideas never become deals. We only want to follow up on ideas where an owner is truly motivated to do a transaction. If you have something more than a hunch about a company being available, we will be more interested in working with you. An idea for a deal without any backup is of no interest to us.

(Referrals - Continued next page)

The Referral Process

If you become aware of a potential real candidate for a sale or financing, Valufinder can help you profit from that knowledge.

Call us with your idea (on a no-name basis initially), describe the opportunity and why you think the prospect may be interested in a transaction. If it's something we are already working on, we'll tell you and give you the relevant facts to support our position; if it doesn't sound familiar, we'll ask you for the name to do a further check that we're not involved.

If we are not working on it, we will sign a mutually exclusive agreement with you to pay you a meaningful percentage of any cash fees we would receive for completing a transaction for either the buyer or owner. This agreement would last for two years.

After signing the agreement with Valufinder, you would provide us with all the information in your possession that we will need to assess your idea. If we determine that the prospect is not a viable candidate for a deal, after doing our analysis, we'll return your information and you can pursue other alternatives. If we decide to move forward, you will agree to work exclusively with us.

Actual Fees

You and Valufinder will agree in writing on the referral fee before any actual work is done or the prospect contacted. The percentage amounts of the fee are based on various factors including, but not limited to, how often we have worked together, at what stage the prospect is in their transaction process, the amount and/or quality of information provided on the owner, and whether a personal introduction to the owner or decision maker can be arranged.

These referrals can be quite lucrative. In one instance Valufinder paid an individual, for a single referral that led to a completed deal, a cash fee in the high six figures.

Who We Work With

We are willing to work with an individual or organization on a case-by-case basis or establish a Referral Program to generate prospects over time. We welcome the chance to speak with you, to explore your ideas and how we both can benefit. Please contact us .

(Referrals - Continued next page)

The Actual Work

Once the referral has been made, we will usually manage the process through to closing. If you can make a material contribution to the deal, which the owner would view positively, we welcome your involvement. Or you can choose to wait for the closing, with no further obligation. In either event, we will keep you posted on significant developments.

Confidentiality

Unless you tell us otherwise, Valufinder will keep your name and circumstances confidential, and will not share them with either the buyer or owner.

Valufinder has an ongoing hiring program that seeks qualified candidates. We look for high-energy individuals with determination, persistence and drive, and value self-starters who are articulate and well organized.

Communication skills—both oral and written—are critical, since our employees have frequent contact with buyers and owners in a variety of formats. Equally important are analytical skills, the ability to gather information, to listen carefully, to build rapport with owners and buyers, and to make informed judgments regarding the feasibility of a deal.

Valufinder offers a full range of benefits, including a training program for candidates who are selected to join our firm.

We invite qualified candidates to submit resumes by email to: **info@valufindergroup.com**

The decision to sell your company is one of the most difficult you will ever make. Even considering a personal liquidity event (the taking of a significant amount of value, usually in cash, out of the business) may be difficult. You have invested many years of long days and lost weekends to build your company. You have made many agonizing choices and personal sacrifices to make your business a success. No doubt, your company has become a source of tremendous pride. It is part of who and what you are.

> ***Through the years, Valufinder contacted me many times about selling one of our divisions. While I had not been ready to sell, I always benefited from my conversations with them because they often provided me with very interesting and useful information. When I reached a decision to sell the division, Valufinder was my first call. Because of our ongoing relationship, they were able to quickly create a presentation that highlighted my company to excellent and receptive buyers. Valufinder assisted me in understanding and evaluating the offers I received. They worked closely with my people and worked hard to ensure that I got the best deal possible. They are truly a unique organization***
>
> \- A. Lincoln Burns
> Executive Vice President
> The WESTVACO Corporation

Yet, someday you may consider selling your business or creating a liquidity event. In fact, getting money out of your business for personal reasons such as to lock-in security for your family may not only be appropriate, but highly desirable. When the day arrives, you can't afford to take chances. Creating a liquidity event or selling your company is not a matter for a beginner. To achieve your goals you need an experienced team of advisors acting on your behalf. Just as you would expect an inexperienced salesperson to rely on your company's top producer to assist with a major sale, you yourself should rely on knowledgeable and experienced advisors to assist you in professionally and profitably marketing your company for a financing or a sale.

Valufinder Group, Inc. is a boutique investment banking firm, specializing in providing transaction advisory services to owners of mid-sized companies. We have the experience and analytical capabilities necessary to evaluate your company within both its particular industry, and its current business and economic environment. Further, we provide the financial sophistication and marketing expertise needed to pinpoint and promote the characteristics of your company that make it uniquely valuable, and to successfully market these aspects to potential lenders or buyers.

(For Owners – Continued next page)

Whether the decision to sell your company or obtain a personal liquidity event is a day or a decade away, we encourage you to read the 'For Owners' section of our website, and familiarize yourself with this specialized transaction process and the rationale, issues, complexities and procedures associated with it. You may also print our **Owner Brochure** to read about the process offline.

We hope this information will answer many of your initial questions, while introducing you to the services Valufinder offers and the advantages of a professionally packaged and orchestrated sale or financing of a company can have for you. We also hope that, when the time comes for you to explore your alternatives, you will **contact us** for more helpful information.

Our knowledge and years of experience in providing transaction advisory services to owners of mid-sized firms, together with your thorough understanding of your business, can be a powerful combination in devising a plan that fully achieves your objectives.

Most owners of companies successfully conduct their businesses with a high level of professionalism, and have exceptional expertise and knowledge when it comes to their particular field. On the other hand, while they may have taken out loans for their business they seldom have experience in creating a personal recapitalization for themselves or in selling a business, and are often at an overwhelming disadvantage when it comes to dealing with the negotiating skills of a seasoned lender or buyer. Therefore, owners are ill advised to rely on themselves, their gut reactions or solely on traditional advisors who, although trustworthy and knowledgeable about other areas, do not have the focused expertise or the personal relationships with institutional lenders or with buyers that are often necessary to properly and effectively structure a financing or a sale of a company.

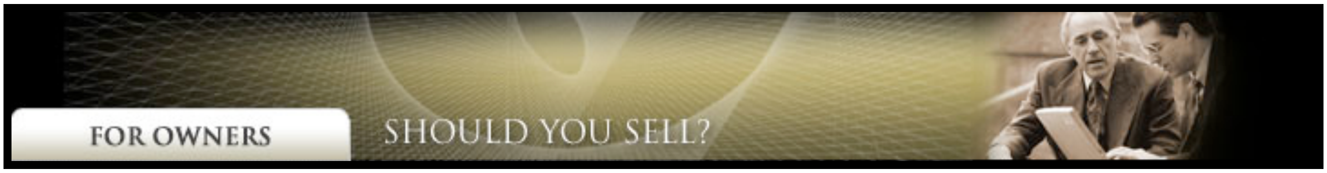
In late 1997, one of my partners announced that he desired to exit the business and return to New Zealand. We decided to investigate the possibility of selling the business and responded to an inquiry from Valufinder. Many companies expressed interest in purchasing PDQ. However, Valufinder listened to what we were looking for and then found the right buyer for us. The PDQ management team selected Valufinder's client, the Dover Corporation, because of its commitment to leave the management team in place and allow the company to continue to operate autonomously. Without Valufinder, we never would have found Dover.

- Charlie Lieb
President
PDQ Manufacturing, Inc

Valufinder Group, Inc. is a boutique investment banking firm, recognized as a leader in providing comprehensive advisory services to mid-sized firms. Our seasoned professionals have mastered both the art and science of presenting businesses for financing or sale. We combine a highly personalized, service-oriented approach with a proven system for maximizing an owner's value, while minimizing risk, maintaining confidentiality, and anticipating and meeting the many challenges inherent in the process. With over 125 years of combined experience, the members of Valufinder's team, both prior to and during their tenure at the firm, have originated, advised on, arranged and/or marketed more than 150 transactions, with a total value exceeding $7.5 billion.

By design, Valufinder does not seek to be all things to all people. We do not sell stocks, bonds, commodities, mutual funds, insurance, or any other financial products. We do not sell real estate, nor do we provide legal counsel or accounting services. We do specialize in obtaining significant liquidity for owners either by selling their companies, arranging mergers or orchestrating various forms of corporate financing including InHouse Recaps, recapitalizations and minority investments which allow the owner to retain control.

We pride ourselves on our dedication to serving mid-sized clients and providing a high level of specialized expertise in selling and/or arranging financing for their businesses. It is important to realize that although high dollar "brand name" transactions have captured the headlines in recent years, the greatest number of transactions actually involves sales of companies in the $10 to $200 million range. Unlike many other investment banking firms, we concentrate on serving this greater marketplace, the mid-sized corporate community.



Should you sell your company?

You may be asking yourself, "Would selling my business accomplish my goals?" At Valufinder, we believe the answer quite clearly depends on what you want to achieve. The specific needs of an owner may be satisfied in a number of different ways.

> ***Every now and then go away, have a little relaxation, for when you come back to your work your judgment will be surer, since to remain constantly at work will cause you to lose power of judgment. Go some distance away, because then the work appears smaller, and more of it can be taken in at a glance, and lack of harmony and proportion is more readily seen.***
>
> \- Leonardo da Vinci

We do not suggest selling a business in every instance. An alternative may be appropriate, such as securing additional financing, hiring new management, or implementing a recapitalization, an InHouse Recap, a joint venture, a private placement, an ESOP, a leveraged recap, a divestiture or a restructuring. For a discussion of some of these alternatives, consult the "An Owner's Alternatives" and "InHouse Recap" sections that follow.

Whatever your circumstances, considerations and objectives, we stand ready to assist you. Sometimes the most important thing we do is to educate an owner about the different kind of alternatives that are available and what they can mean. Only after a careful examination of various alternatives will we recommend a course of action that we feel best satisfies your objectives. Once agreed upon, we will help you implement it to the fullest. It may mean that you decide to do nothing, which means Valufinder will do nothing further for you. Assisting you in attaining your goals is our primary objective.

Why should you sell?

Over the years, we have encountered owners with various reasons for seeking a change, the most common of which are discussed below. As you review these reasons, ask yourself whether they apply to you, your particular circumstances, and your future objectives. Many of the goals listed below may be accomplished without the need to sell your business.

- **Financial Security through Diversification**
- **Change in Personal Goals**
- **Unique Personal Reasons**
- **Estate Planning**
- **Corporate Continuity and Management Succession**
- **Capital Needed for Corporate Growth**
- **Unique Corporate Reasons**

(Should You Sell? – Continued next page)

Financial Security through Diversification

A company often represents the major portion of a private owner's wealth. If something unforeseen should happen, such as an industry downturn or a business reversal, it could put at risk everything that the owner has worked so hard to achieve - including continued financial security and the economic well being of his or her family. By selling, or doing an InHouse Recap, or another type of recapitalization an owner can reduce personal exposure to future risks associated with a company's business, and by investing the sale proceeds in a diversified portfolio, can enhance financial security for themselves and their families.

Men who have attained things worth having in this world have worked while others idled, have persevered when others gave up in despair, have practiced early in life the valuable habits of self-denial, industry and singleness of purpose. As a result, they enjoy in later life the success so often erroneously attributed to good luck.

\- Grenville Kleiser

To achieve diversification without selling, an owner may wish to consider an InHouse Recap. An InHouse Recap allows an owner to create a personal liquidity event, by taking out, in cash, a big part of the company's enterprise value, without typically selling any portion of the business, losing control or signing any onerous personal guarantees.

Change in Personal Goals

Over time, we all change, personally and physically, and our goals and motivations may change as well. For certain individuals, who have reached personal levels of financial and business success, having more of the same becomes a repeat performance of an old refrain. For such individuals, the time has come to move on and sample other aspects of life's offerings. Even the most successful of businesses can be very time-consuming and may restrict the time and energy available for the exploration of other personal goals. Selling your business can provide you with the freedom and financial security necessary to pursue other areas of interest that can enrich your life, leading to greater fulfillment.

Unique Personal Reasons

Other personal considerations for selling a company include personal or family health problems, marital difficulties, disagreement with management or stockholders, or other commitments that can make an owner feel less than motivated and effective in running a company.

The cost of a thing is the amount of what I call life, which is required to be exchanged for it, immediately or in the long run.

\- Henry David Thoreau

(Should You Sell? – Continued next page)

Estate Planning

If an owner's heirs are not actively involved in the business and there is no apparent or appropriate successor, an owner may be well advised to sell the company as an estate planning measure, to maximize the company's value, increase flexibility and minimize selling pressure.

Maximize Value

An owner is undoubtedly in a better position than even the most experienced management team or trusted executor to ensure full valuation of the business and successful orchestration of its sale. Typically, an owner is a key ingredient in the profit and value of a business. Much of a company's profitability can stem from the owner's personal relationships with customers, suppliers and employees - relationships that no stranger could step in to and immediately duplicate. Accordingly, potential acquirers prefer to buy a company while the original owner is still at the helm and usually stipulate that the owner stay on for at least a transitional period.

Increase Flexibility

Owners, who carefully plan and arrange for a sale, increase their influence over the way in which the company will be run in the future, and control how the sale proceeds will be distributed among the beneficiaries. Additionally, both new ownership and the company itself will benefit from a smooth and orderly transition.

Minimize Selling Pressure

After an owner's death, the heirs are often faced with significant pressures to sell the business quickly. These pressures to sell may result from deterioration of the business due to the lack of direction formerly provided by the owner, or from the need to raise funds to satisfy estate taxes or unanticipated family expenses. This is certainly not the best negotiating stance. The sale of a business under such circumstances is not likely to be nearly as successful as one directed by the owner without this pressure.

Corporate Continuity and Management Succession

Often, when owners no longer want to participate in day-to-day operations, they seek to reduce their time and the capital available for both current and future opportunities. When this happens, the company can become stale, placing a serious strain on the members of existing management, who, understandably, may feel that they are now in a dead-end position with limited or no opportunity for personal growth or financial advancement.

Management, in the sense of employer, is merely the agent for the public, the stockholders and the employees. It is management's job to preserve the balance fairly between all these interests, that each may have his fair share without imperiling the continuity of the effort upon which the whole depends.

James F. Bell

(Should You Sell? – Continued next page)

At this point, a sale, management-led buyout or restructuring may be appropriate to ensure continuity and provide for management succession. Here, both the owner and management can benefit. The owner receives a high sales price for the company before its value is permitted to decline, and the members of the management team can prosper from a new, invigorated ownership environment.

Capital Needed for Corporate Growth

Growth requires capital - capital for inventory, accounts receivable, personnel, equipment, research and development, and other such items. Sometimes an owner does not have and cannot obtain the resources to invest in corporate growth. The owner may not be able, for example, to make the capital expenditures necessary to develop new products or markets, or otherwise finance expansion.

Under such circumstances a leveraged recap, a sale, merger or joint venture can provide an opportunity to take advantage of expanding business opportunities. One company may gain a new avenue of growth; the other company may gain access to additional resources needed to facilitate that growth. Beyond enhancing owners' ability to meet their own goals, taking such an action can also go a long way toward ensuring employee morale and continuity, and toward maintaining or strengthening ongoing business relationships.

> ***Whenever I may be tempted to stack up and let the business run for awhile on its own impetus, I picture my competitor sitting at a desk in his opposition house, thinking and thinking with the most devilish intensity and clearness, and I ask myself what I can do to be prepared for his next brilliant move.***
>
> \- H. Gordon Selfridge

Unique Corporate Reasons

The complexity of today's business environment may yield many incentives, both offensive and defensive, for the sale or merger of a company. For example:

To increase their chances of successfully defending themselves against strong foreign competition, domestic competitors may consider merging.

- To realize the full potential of a product in a different industry or marketplace, a company may benefit from a joint venture with another company that already has a deep penetration in that area.
- To produce significant benefits at all levels of operations - including longer production runs, greater purchasing discounts, reduced general and administrative costs, a broader product line - companies in similar industries or markets may combine operations. Such a move can yield enhanced market recognition with your customers and greater influence for your sales force, as well as other important operating efficiencies or synergies.

Recognize Yourself?

Before you take any step in deciding to sell or restructure your ownership, it is important to determine why you want to sell. Did you recognize yourself in any of the above scenarios? Obviously, the more reasons you have for making this decision, the more compelling those reasons are to you - and the more opportune the timing - the more likely you will be to successfully accomplish your goals. While a complete sale is always an option, Valufinder may, depending on your circumstances, be able to structure several attractive alternatives to selling that may be able to accomplish the majority, if not all, of your goals.

Valufinder explores your alternatives to selling in the next two sections "An Owner's Alternatives" and "InHouse Recap". Then in the remaining sections of this segment, we provide an overview of the selling process, which may take the form of a controlled auction. We also discuss the ways in which Valufinder can facilitate and simplify that process from an owner's perspective. After you have reviewed this entire section, please feel free to contact us for a confidential discussion of your own situation. Obviously, there is no obligation on your part for these conversations.

Decision is a sharp knife that cuts clean and straight: indecision, a dull one that hacks and tears and leaves ragged edges behind it.

- Gordon Graham

Most owners of middle-market businesses assume that to realize some or all of the value of their company an outright sale is required. While a sale is one alternative, it is hardly the only option an owner has to enjoy a liquidity event. In the pages linked below, and in the "InHouse Recap" section that follows, we provide a brief overview of several of these options and structures for monetizing your company's value. At your convenience, Valufinder is prepared to answer your questions and to discuss in detail any of the following options.

> ***The measure of choosing well, is, whether a man when he looks back at the facts still feels good in what he has chosen***
>
> \- Julius Kotlowitz

- **Outright Sale**
- **Earnout**
- **Leveraged Recapitalization**
- **Additional Options**
- **Discover Your Alternatives**

In an Outright Sale you receive cash or some combination of cash, notes and stock for your entire ownership interest. You may remain under contract for some period of time to ease the transition for the buyer but you retain no equity in your specific business. Should the transaction be a merger for stock of the buyer, then you would retain a degree of ownership in the combined entity. A sale is usually structured as a purchase of the stock or the net assets of the company.

Knowledge gives a certain amount of power. A knowledge of details has served in many a crisis. A knowledge of details has often caught an error before it became a catastrophe.
- Aimee Buchanan

Stock Sale

In a stock sale the corporate entity is sold and the buyer assumes all assets and liabilities, both known and unknown, including contingent liabilities. These would include the costs of environmental cleanup, a lawsuit which has been filed but not decided or a post-closing lawsuit filed for a product or service sold under the original owner. The seller only pays taxes on the capital gains realized on the shares sold. With current long-term federal capital gains rates at 15%, this is very beneficial to the seller.

Asset Sale

In an asset sale the buyer attempts to limit their exposure to potential liability by specifying in the contract which assets are being purchased and which liabilities assumed. An asset sale can also be helpful to a seller by allowing the owner to retain certain assets not essential to operating the business such as real estate or certain accounts receivable. However, the tax treatment is generally less attractive to a seller who owns a "C" corporation since the possibility of double taxation exists.

Assuming the net assets are sold and the principal asset of the "C" corporation is the cash proceeds from the sale, the company is taxed on the gains realized on the sale of assets AND the shareholders are taxed on their capital gains when the corporate entity is liquidated and the cash distributed to the owner(s). Usually in an "S" corporation or an "LLC", some or all of the company's taxation may be avoided and only the owner will pay taxes.

Since the buyer typically prefers an asset sale and the seller a stock sale, these differences and their relative values are usually hammered out in negotiations. We are simply highlighting the differences between a stock and asset sale. A seller needs to consult with a tax advisor to explore and understand their personal circumstances in greater depth.

Sometimes a buyer and seller cannot agree on a purchase price. Based on a subjective interpretation of the meaning or impact of certain facts, you may feel your business is worth 7x EBITDA while the buyer thinks a 6x multiple is more appropriate. As examples: the buyer may feel the most recent EBITDA figures are not necessarily indicative of future potential since the owner had two down years and then a large increase in the current EBITDA; or, the owner has invested heavily in a number of new initiatives that the owner thinks will generate significant returns within the next 18 months and the buyer is not sure of the amounts, the timetable, or the additional monies needed to make the initiatives successful.

In these instances, an Earnout can bridge the gap. An earnout is a contingent payment the buyer makes to the owner IF certain previously agreed upon goals are achieved after the sale of the business. While an earnout can be tied to a near-term goal, the typical earnout period is between three and five years and the owner can usually remain, if they so wish, in their current management position.

Customarily, the seller and the buyer agree on a set of projections; the earnout is typically a percentage of some easily measured item on the income statement such as Revenues, Operating Profit or EBITDA. It can be paid, if earned, at the end of each fiscal year during the earnout period or cumulatively at the end of the earnout period. The variations of an earnout are limited only by the ingenuity and creativity of the owner, advisors, and the buyer.

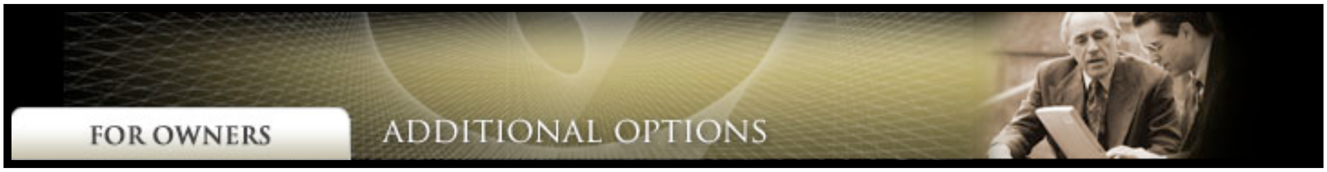
The Leveraged Recapitalization is another important liquidity tool for sellers who wish to obtain between 85-95% of the value of their business in cash but still want to own 10-40% of the equity of the company. This option allows the owner to still own a meaningful percentage of the Company yet it helps solve some vexing business issues such as: how to transfer the business from one generation to the next; how to diversify owners' wealth when much of their net worth is tied up in their businesses; how to attract growth capital; how to resolve differing shareholder objectives; and allowing the buyout of select shareholders.

> ***There is no better measure of a person than what he does when he is absolutely free to choose.***
>
> -Wilma Askinas

With the leveraged recapitalization (recap) you sell a significant portion, approaching 100%, of your equity to a private equity buyer group versus an outright sale to a strategic buyer. The buyer uses a combination of its own equity (cash) from its investment fund and bank/institutional debt to finance the purchase. You then make a small discounted investment with some of your proceeds, possibly on a tax-free rollover basis, in the equity portion of the new capital structure, retaining between 10 to 40% of the equity. No taxes are due on the rolled over portion until the second liquidity event, two to six years down the road. In addition, the current owners would maintain management control, their customary titles and typical compensation for a senior manager.

In many cases the initial payment you receive AND the "second bite of the apple" you take later can provide an overall value far in excess of what you would achieve if you sold outright to a strategic buyer. As an example, a seller could end up with 90% of the cash value (pre-tax) of the company in the bank and continued ownership of 33% of the company.

Depending on the company's circumstances, there are many different structures that can be created in a recap. One interesting variation is an InHouse Recap.



InHouse Recap

An InHouse Recap is ideal for owners who do not want to sell their business but would like to create a personal liquidity event—taking out a large percentage of their company's value in cash, without selling a meaningful portion of the business or signing any personal guarantee. Moreover, the cash dividend is typically only taxed at a 15% federal tax rate. For more information on an InHouse Recap, please view our **InHouse Recap** section.

Minority Investor

A related option to the Leveraged Recapitalization is using a Minority Investor. In this option, you receive nearly full value in cash for your business but make a slightly larger reinvestment than in a typical leveraged recap and end up owning in excess of 50% for majority control. The private equity buyer would be in a minority position. Not all financial buyers are comfortable with doing these deals but we maintain good ties to the middle market buyout firms which welcome them.

With either the leveraged recap or minority investor option, to the outside world nothing will have changed. Furthermore, this new arrangement with sophisticated and seasoned partners allows you to tap into an extensive network of financial and management resources. You can take advantage of new market opportunities, achieve new levels of growth, and then take that "second bite of the apple."

Employee Stock Ownership Plan

While a less common transaction tool, the Employee Stock Ownership Plan (ESOP) offers significant advantages to both owners and their employees. An ESOP functions like a profit sharing plan. The employees, in essence, purchase the business from the owners via a leveraged ESOP loan and have a path to eventual ownership as the loan is paid down.

The company obtains a loan from a commercial lender and lends that money to the ESOP, which buys stock from the existing shareholders. Over time, the company contributes to the ESOP to service and pay down the debt. Both the interest AND principal payments are tax-deductible to the company. This tax incentive enhances cash flow and working capital for the company. As the loan is repaid, stock is allocated to particular employee accounts with the ESOP.

(Additional Options – Continued next page)

Owners get very favorable tax treatment when they sell their stock to the ESOP. As long as owners sell 30% or more of their equity, they can defer any taxes on the gain AS LONG AS they reinvest the proceeds in securities (stocks and bonds) of domestic operating companies, public or private.

However, ESOPs have some major limitations. They are complicated to set up and administer, and require an annual valuation much like a company pension plan. Only companies with stable or strong growing earnings should consider taking on a leveraged ESOP loan.

In addition, if you want to step aside as an owner but do not have good back-up management, then an ESOP is not for you. Usually the owner cannot cash out completely but gets the proceeds over several years as the loan is paid off. Moreover, while you remain in authority, your decisions are more transparent to your employees/fellow owners and possibly subject to review.

The ESOP valuation and purchase price may be subject to possible review for being excessive and a breach of the owner's fiduciary responsibility to the company. Further, since the valuation tends to be aggressive because of the ESOP's enhanced cash flow (provided by the ESOP's tax benefits), it cannot be replicated by a normal buyer. Therefore, it becomes difficult to sell an ESOP company to a non-ESOP buyer at the same multiple.

Private companies implementing an ESOP usually must provide a "put option" to employees, allowing them to sell their stock back to the company at fair market value usually determined by the valuation and under certain conditions: retirement, termination, or resignation. This can have a detrimental effect on the company's cash flow, especially if a number of employees exercise their options at the same time.

We hope the above overview was helpful in demonstrating that an owner may have a number of attractive alternatives to completely selling. At your convenience, Valufinder is prepared to explore with you your alternatives before you make any final decision. However, whatever decision you make, Valufinder is prepared to facilitate the appropriate process necessary for obtaining your goals, including nothing at all if that is your choice. Please **contact us** with any questions or for more information, on a confidential basis and without any obligation

> ***A single conversation across the table with a wise man is worth a month's study of books*.**
>
> Chinese Proverb

Valufinder has been successfully facilitating mergers and acquisitions for over a quarter of a century and we clearly understand the desires of the private seller. The vast majority of owners of middle market corporations take tremendous pride in their company. They take satisfaction in the security it provides for their family, its contribution to the welfare of its employees, and the esteem in which customers and suppliers hold the company. It is, therefore, no surprise that an owner usually does not want to sell.

However, in our discussions with many private company owners, we have discovered that they would like to achieve a personal liquidity event, to take out a big part of the company's enterprise value in cash, without selling any portion of the business, or losing control, or signing any personal guarantees. Working in conjunction with several non-traditional financing sources which represent tens of billions of dollars in large pools of long-term money (pension funds, insurance companies, endowments, foundations and wealthy families), we have developed a product which achieves these owners' goals - the *InHouse Recap*SM.

> ***I could not point to any need in childhood as strong as that for a father's protection.***
> -Sigmund Freud

The financial sources we have identified and work with are more focused, aggressive and flexible than conventional bank lenders who tend to be traditional, cautious, and risk averse. These financial sources have the expertise and experience that allows them to specialize in creating custom financing packages that meet the needs of the business owner, rather than the needs of corporations or the general public.

The InHouse Recap combines certain concepts and components from both a corporate buyer's acquisition financing package and from a home equity loan and then tailors the combination to attain an existing business owner's goals-*except that there is no acquisition*. The InHouse Recap allows the owner to reap most of the value of his business without selling which is similar to the way home owners can unlock a significant amount of the built-up equity value in their homes. Further, Valufinder can now do this for you in a tax-efficient manner by taking advantage of current low tax rates for dividends and capital gains.

Under the right circumstances and by utilizing an InHouse Recap, Valufinder can create a liquidity event which rewards ownership but does not impair the company's future. In broad outline, here are the major components and advantages of an InHouse Recap:

1 **Total Freedom:** The proceeds from the InHouse Recap can be used by owners in any way they choose. Satisfy personal dreams, provide long-term security for their family, diversify their portfolio, plan their estate, buy out their partners, purchase competitors, or whatever. Your money, your choices.

> ***Happiness has many roots, but none more important than security.***
>
> -Edward R, Stettinius, Jr

2 **Significant Payout:** Assuming no existing interest-bearing debt, the loan given to the company is comprised of securities ranging from senior secured debt to unsecured subordinated debt for a total value between 2-4.5 times adjusted EBITDA. If there is existing interest-bearing debt, the new loans are net of these amounts. Usually existing debt is refinanced within the new financing package.

3 **No Change in Ownership:** The normal InHouse Recap typically does not require any sale of the owner's stock.

4 **Tax Efficient:** With the Recap, a loan is made to the company which, in turn, declares a special dividend to the shareholders. The federal tax rate for the dividend is normally an attractive 15%, although you should consult your own tax advisor. Further, the interest the company pays on the loans is typically tax-deductible.

5 **No Personal Guarantees:** These loans do not require a personal guarantee. If there is existing debt which is being refinanced, the owner is normally relieved of any personal guarantees on that debt.

6 **Realistic & Flexible Structure:** Different types of loans, interest rates, amortization schedules and maturities are custom tailored to match a realistic assessment of the company's future earnings potential, ongoing capital expenditures, and, if needed, funds required for growth.

7 **Most Companies, Most Sizes:** Our InHouse Recap is extremely flexible and can work for stable mundane businesses as well as companies with strong sales and earnings growth. It can even work for companies with erratic earnings or those losing money with a large asset base.

(Benefits – Continued next page)

As for size, financing sources will generally look at companies with adjusted EBITDA of as low as $5 million and up to $40 million.

8 **Companies With Problems:** Companies with impairments such as legal or EPA issues, which would make them difficult to sell, can utilize an InHouse Recap. As long as the earnings needed to service the debt can be segregated from the problem during the term of the debt, an InHouse Recap can be created.

9 **Full Valuation:** If there is any equity investment by the financing source (usually not necessary), it is considered a yield enhancement by the lender. These investments are typically based on a full valuation of the company as if 100% were being sold.

10 **One-Stop Financing:** Our InHouse Recap usually offers a one-stop financing source which can provide all the components of the recap in one comprehensive package. Further, working with sophisticated financiers Valufinder can also create a single package of different tranches of financing from multiple sources.

11 **Quick Turnaround:** Because these financing sources are not buying the company, they do not require the same extensive due diligence. Once the initial company profile is distributed to these sources, a recap can usually be completed in about 14 weeks. In exceptional circumstances, it can be done in 4 weeks. In contrast, a typical acquisition takes 6-9 months to complete.

12 **Personal Confidentiality:** Only selected senior managers need know what you are doing. There are no company-wide announcements. Critical operating matters as well as your personal finances and objectives remain strictly confidential.

13 **Corporate Confidentiality:** No exhaustive offering memorandum or pie-in-the-sky valuation needs to be created or shared with the outside world. Initially, only a short company profile is written accompanied by a financial overview with information about both current and long term assets, and product literature. Confidentiality Agreements are executed before an exchange of information.

14 **Nominal Disruptions:** There are no long lines of potential buyers, including competitors, visiting the facilities and learning company secrets and disturbing employees. Visits are severely restricted.

15 **Owner Gains Access to Seasoned Executives:** The owner now has access to financially sophisticated executives with whom, if he chooses, he can discuss various business opportunities and gain their insights and possible help.

While all deals are unique, the following is an example of an InHouse Recap we are currently facilitating, on behalf of a 42 year old owner. Originally, he wanted to sell his business to protect his family by diversifying his estate and to reward himself for 15 years of hard work. However, while his brain told him a sale was the right thing to do, his heart was telling him otherwise. He believed in the company and felt that it would be considerably more valuable in the future. While he did not mind having sophisticated investors involved in his company, he definitely did not like the idea of losing ownership/control.

Once we understood his real issues, we devised an InHouse Recap as an alternative. When we explained it to him, he was enthusiastic about it because it appealed to both his brain and heart.

Working with a "one stop" financing source which is a major lender to the Leveraged Buyout market (LBO), we created in general terms the following structure for the owner:

After Valufinder initially explained to me the pluses and minuses of their InHouse Recap, I felt I would be morally negligent in not providing for my family if I did not explore this further. I was very glad I did.

- 42 year old Entrepreneur

- The financing source would lend the company roughly 3.4 times its adjusted EBITDA. The company, in turn, would declare a special dividend equaling this amount to the owner.
- Portions of the debt were secured with a low interest rate and certain pieces of the debt were unsecured with higher interest rates.
- The senior debt will be amortized over a 5 year period and the subordinated debt will require interest-only payments until the senior debt is retired. Subordinated debt will be amortized between years 5 and 8 after closing.
- Both the owner and financing source had excellent chemistry and agreed that the lender would purchase warrants and common stock directly. Together these investments represented 9% of the common equity. The investments were based on a valuation of 6.5 times adjusted EBITDA.
- No personal guarantees of any kind were given by the owner.
- Total financing including debt and equity was 4.2 times adjusted EBITDA.

The net effect of this InHouse Recap is that the owner will receive in cash 64.6% of the value of his company while still owning 91% on a go forward basis. He satisfied his desire to provide his family with financial security, continued to control his own destiny and gained a sophisticated financial partner to help him grow his business.

The degree of enthusiasm financing sources show owners depends to a great extent on how owners demonstrate their ability to manage their company and to pay back the financing. Before an owner approaches any financing source, an owner should thoroughly prepare a persuasive presentation in two parts: written and oral. Financial sources will want an owner to convince them that they and their company are a reasonable risk.

To successfully complete our InHouse Recap for an owner, Valufinder, depending upon circumstances, will:

> ***To give real service you must add something which cannot be bought or measured with money, and that is sincerity and integrity.***
> Donald A. Adams

- Work, together with the owner and those senior managers and outside advisors the owner deems appropriate, in preparing a descriptive and persuasive memorandum on the Company and its operations for use in confidential discussions with prospective financing or lending sources (collectively "Sources").
- Prepare a select list of Sources concurrently with the preparation of the memorandum.
- Contact each prospective Source approved by the Company.
- Have the approved Sources that have an interest in the proposed transaction sign a Confidentiality Agreement (which will be pre-approved by the Company) after which they will be sent the written Confidential Information Memorandum.
- Assist the owner and senior management in preparing a confidential oral presentation to be delivered by Company management to each of the approved Sources that visit the Company.
- Schedule and attend exploratory meetings and, subject to availability, any subsequent meetings requested by the Company with any interested approved Sources, and assist them in their due diligence efforts.
- Assist the Company in evaluating each proposal made by the approved Sources to assess the relative advantages and disadvantages of each proposal.
- Assist the company in negotiating various business points with financial sources.
- Assist attorneys in preparing and negotiating any necessary legal documentation with any final prospective Source.

(Valufinder Services – Continued next page)

Because there is no buyer and lenders normally do not pay fees to intermediaries, we would look to the owner for our fees. Valufinder becomes the owner's advisor in creating this financing package. We ask for a nominal non-refundable retainer to demonstrate the owner's good faith in persuing the InHouse Recap and to have our reasonable expenses reimbursed. The retainer is offset against the success fee which is payable at closing. Simply put: ***No transaction, no fee.***

Your Next Step

We hope that this information helps explain the characteristics and mechanics of our InHouse Recap. If you have any questions or require additional information about how this powerful financing tool can help you obtain a significant liquidity event, please feel free to **contact us** on a confidential basis and without obligation at your earliest convenience.

In representing an owner during either the selling process or in the pursuit of alternatives to selling such as an InHouse Recap, Valufinder goes through a series of steps utilizing a number of tested techniques and marketing strategies designed to maximize value, while assuring the owner discretion and confidentiality. Therefore, in order to avoid redundancy in this material we will focus our presentation on the Selling Process and invite inquiries about Valufinder's process for creating alternatives to selling. Basically an owner has two options: One-On-One Negotiations and The Controlled Auction. Both options have their own unique strengths and are discussed below.

One-On-One Negotiations

It is very important to note that a full auction process may not always be desirable or appropriate. When an owner has been approached by a synergistic buyer willing to make the owner a handsome offer based on the combination of the entities, then a very discreet negotiation may be the most appropriate. A full auction may also not be desirable when the owner is concerned about any of the following: absolute confidentiality; need for a speedy closing; a limited number of superior buyers; a need for a partner with very specific operating synergies; a specific type of partner to structure a complex or unique deal; or, when a large number of buyers parading through their operations could be very disruptive to the business or to employee morale. In any of these circumstances, the owner should consider having discussions with only a handful of carefully selected buyers, and not conducting an auction.

My firm had already sold a company with Valufinder's assistance and they had remained in contact with us about some of our other holdings. When we had a smaller division to divest, we decided to sell it ourselves and contacted Valufinder. Other than a small group of possible strategic buyers, we did not know the current market of buyers and Valufinder offered to help us identify additional buyers. They simply did an outstanding job. Not only did they introduce us to a superior group of aggressive buyers, Valufinder then went on to assist and coordinate the exchange of materials, follow up, and negotiations to make sure that the process maintained its momentum. I would commend Valufinder to anyone in the business of mergers & acquisitions.

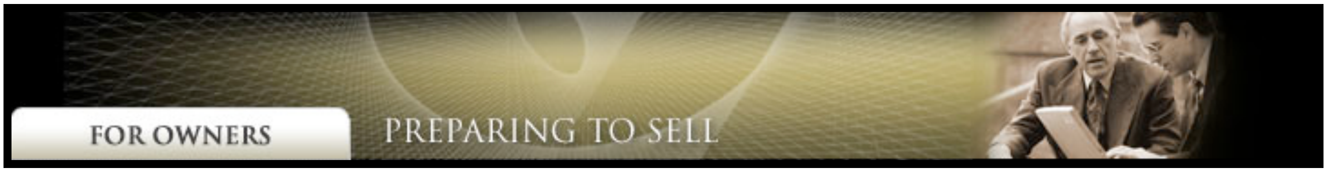
- Derek Kirk
Mergers & Acquisitions
Imperial Chemical Industries

(The Selling Process – Continued next page)

The Controlled Auction

In a controlled auction, a carefully prepared package of information (an offering memorandum) about your company is presented on a confidential basis to a group of carefully qualified potential acquirers (previously approved by the owner) to elicit a number of generous offers from which an owner may choose.

In the pages linked below, we provide a summary of the meticulous way in which Valufinder conducts the various stages of the controlled auction process, which is always according to the needs of the individual company, its characteristics, and the owner's personal goals.



Proper Timing

Proper timing is important. Too often, a company is made available for sale when the company itself, its products, or some other aspect of its business or industry is in a downturn. Potential buyers justify paying a high price for a company based on the anticipation of increased earnings. If the company forecast is bleak, the buyer will price the company accordingly. Obviously, the best time to sell is when the company is operating smoothly and its outlook is positive, either positioned for comfortable stability or poised for growth.

> ***To everything there is a season, and a time to every purpose under heaven: A time to be born, and a time to die; a time to plant, and a time to pluck up that which is planted; a time to kill, and a time to heal; a time to break down, and a time to build up; a time to weep, and a time to laugh; a time to mourn, and a time to dance.***
>
> \- Ecclesiastes 3:1-4

Should the company have problems, you may decide to hold off selling until you have fixed the problems in order to get a higher price. However, problems such as legal or EPA issues are not obstacles to doing an InHouse Recap. While these impairments may postpone or prevent a sale, they do no affect the ability to do a Recap. Proper timing invariably makes it much easier to maximize a company's value.

Analysis & Valuation

Once an owner has made the decision to make a change, Valufinder thoroughly examines the company. We perform both an internal and external analysis. During this fact-finding stage, both Valufinder and the owner gain a greater understanding of the company's strengths and any possible weaknesses.

First, we examine the company's characteristics - the special combination of elements that makes the company unique. We look at the management, personnel, products, markets, procedures, relationships, and financial results over the past several years. We review the major facets of the business, including its operations, production, marketing, distribution, current financial condition, and future prospects.

Since the company exists in an ever-changing environment, we then analyze it within the context of the industry, as well as the current business and economic climate. We also consider its commonalities with other companies and review it in terms of comparable companies and recent sales transactions.

(Preparing to Sell – Continued next page)

We also determine the extent to which company operations have been managed to minimize taxes. Although minimizing taxes is certainly a legal and proper business approach, it can have a considerable impact on the company's financial statements. The financials often need to be restated to reflect the earnings that a new owner could expect, without regard to the previous owner's tax considerations. Prospective buyers will only pay for assets and earnings they can verify, and for growth potential they can justify.

Accuracy

Valufinder helps to protect the owner's integrity. For example, we work closely with the owner to prevent the owner from unwittingly stating information that might be inaccurate or detrimental. This can happen in complete innocence or as a result of excessive zeal in attempting to complete a sale. Inexperienced sellers do not realize that, between the handshake (or signing of the Letter of Intent) on the terms of the sale with the buyer and the closing, the buyer performs, with the assistance of experts, an exhaustive examination process, called 'Due Diligence', where they verify everything they have been told and seek to uncover everything that they should have been told. A material discrepancy could possibly re-open negotiations, severely jeopardize the sale, or even lead to a post-closing lawsuit. It is not unusual for a buyer to terminate a sale at the first serious sign of bad faith. Valufinder assists the owner in guarding against this.

> ***Every man has a right to his opinion, but no man has a right to be wrong in his facts.***
> - Bernard M. Baruch

Identifying Problems & Solutions

Valufinder understands and appreciates that an owner often has a positive bias about their company, the expectation that its future will be bright. However, a realistic assessment may reveal that a number of strategic restructuring measures need to be taken to make that bright future possible.

From our analysis, we identify, with the owner, obvious potential problems that buyers might take into consideration in determining their interest level and price. With the owner, we determine what the solutions are and possible courses of action. The owner determines whether to fix them and wait for the results of the efforts to be reflected in the earnings, or we can identify the obvious problem(s) in the offering memorandum, offer possible solutions and possibly adjust the price expectations to allow for the buyer's efforts and increased risk. Nevertheless, the decision is the owner's.

> ***Think not those faithful who praise all the words and actions, but those who kindly reprove thy faults.***
> - Socrates

Valufinder has worked successfully with a number of companies that were in need of profit improvement or

(Preparing to Sell – Continued next page)

turnaround, or involved in bankruptcy. In these situations, the owners had been unwilling or unable to effect the changes necessary to improve the company's prospects and decided to sell. Although the timing was not opportune, Valufinder was able, in each instance, to demonstrate to the buyer, justifications for acquiring the company at a fair price. By utilizing a comprehensive approach in evaluating the company's strengths, and by speaking candidly about its problems and prospects, we were able to successfully complete the transaction.

Determining a Price Range

Upon completion of this in-depth analysis, Valufinder utilizes a number of evaluation procedures and analytical techniques to determine a range of values that we realistically believe can be expected from both synergistic industry buyers and other potential acquirers. The range of prices will vary according to a number of factors, including, but not limited to, the owner's size, margins, internal growth and its market position. In addition, the current economic cycle of the industry, the regional or national economy, the structure of the offer (whether it is all cash, cash and notes, stock, etc.), and the strength of the buyer's desire to acquire the company are also relevant.

On occasion, we encounter an owner who determines his or her company's price more on an emotional issue or point of pride, rather than on a realistic evaluation of current markets, economics, and risk. A seller who insists on a price that is unrealistically high most assuredly dooms any possible sale. We strongly advise sellers to avoid such unrealistic expectations. It is crucial to recognize that a failed attempt to sell a company because it was overpriced can disrupt the business, depress employee morale, create confusion in business relationships, and even taint the company in the eyes of future buyers as "damaged or shopped goods".

> ***Education is the ability to listen to almost anything without losing your temper or your self-confidence***
> - Robert Frost

It is important to understand that valuation is not an exact science, but an educated judgment. Ultimately, the value of a company is in the eye of the potential buyer. If you are interested in learning what your company might be worth in today's market please go to the **Owner Valuation** Section.

> *Facts mean nothing unless they are rightly understood, rightly related and rightly interpreted*.
> - R.L. Long

(Preparing to Sell – Continued next page)

The Presentation

Unquestionably, there is a direct correlation between the quality of the presentation of the company to potential buyers and the price the owner will receive upon sale. Since Valufinder has made many presentations to buyers of companies, we know what types of information a buyer requires and precisely what to include in a presentation to ensure that even preliminary discussions are meaningful and productive. Further, the presentation enables a prospective buyer to make a preliminary offer without the need for visiting or otherwise disrupting an owner's schedule and the company's employees and operations. The owner then selects from the highest offers, the buyers with whom he wants to have further conversations.

Offering Memorandum

A primary service that Valufinder provides to a seller is presenting the company's strengths and characteristics to the buyer in such a way that the buyer becomes enthusiastic about the opportunity the acquisition may offer. We present our description and analysis of the company in a prepared format, commonly referred to as an offering memorandum.

The offering memorandum summarizes the vast amount of information we have compiled about the company. It describes the business, its organization, and its products and services. It discusses the company's production, marketing and distribution. It details the company's assets, sales and earnings history. Most important, the offering memorandum demonstrates to the buyer the value of the company and the reasons for paying a price that reflects that value, both in terms of the company's current profitability and its future earnings and growth potential.

It is noteworthy that the offering memorandum does not include the range of values Valufinder presents to the owner. A buyer who is given a range of values at the outset tends to focus attention on the price, and not on the true value of the particular company, its position in the marketplace and the many other elements that ultimately determine its actual value and price. We let buyers determine their own prices, which in certain cases can be higher than what we initially anticipated.

> ***Creative thinking will improve as we relate the new fact to the old and all the facts to each other.***
> - John Dewey

To facilitate the preparation of the offering memorandum and to manage the bidding process, we use sophisticated and specialized financial software, which enables us to assess bids from prospective buyers. We also employ a desktop publishing system to create a presentation that reflects the seriousness of the owner's commitment to sell and enhances the professional image of the company.

Locating Appropriate Buyers

Once the presentation is prepared, the next phase of the selling process is to locate appropriate buyers. Often inexperienced sellers, left to their own resources, limit potential buyers to those personally known to them. Valufinder develops a list of potential acquirers based on a variety of data sources, many of which are proprietary. We go well beyond considering the obvious buyers, because experience has confirmed that the greater the number of qualified acquirers contacted, the higher the price usually paid for a company.

Identification

Our understanding of the diversity of reasons purchasers have for acquiring businesses, and our experience in locating them, enables us to identify a broad range of acquirers. Some of the reasons a company may be interested in making an acquisition include vertical or horizontal growth; market expansion or penetration; consolidation or defense; regional, national or international (European or Asian) expansion; organizational economies; manufacturing efficiencies; and pure financial investment.

Significantly, besides the obvious synergistic buyers, Valufinder maintains ongoing contact with a large network of active buyers who are continually and aggressively seeking to make acquisitions of mid-sized companies. Within this network is a group of more than a thousand companies that are primarily financially motivated and/or market niche buyers who are very creative in thinking outside the box and who can offer owners attractive alternatives to a complete sale of their company; yet give the owners upwards of 100% of the value. Please **contact us** to discuss these types of alternatives.

> ***Valufinder was persistent and stayed in touch with me year in and year out until I was ready to do something. They asked me the right questions and never were pushy. They listened to our situation, went back to their offices, and did their homework. They found us the right buyer. Valufinder arranged the introduction and helped facilitate the negotiations through some difficult periods. We wouldn't have found this buyer without them.***
>
> \- B. R. Brown
> President (Retired)
> The Remington Arms Company

Selection

An initial list of buyers is discussed with the seller as the list is developed. From this initial list, we then narrow the choices to those both Valufinder and the owner believe may have a serious interest in buying the company and the financial resources to complete a transaction. We then prioritize the potential buyers into small groups, ranging from the most likely, to least likely. If there is a question as to whether a buyer should be on the list, Valufinder can contact the potential candidate and, without mentioning the seller's situation, investigate that buyer's acquisition criteria and strength of commitment. We convey this information to the seller and discuss whether that candidate should be included.

Contacting Potential Buyers

With the seller's consent, Valufinder begins to solicit potential buyers, starting with the group designated as most likely. We provide an offering memorandum only to those candidates who express a high level of interest and who have signed confidentiality agreements.

To ensure that the company receives proper consideration by buyers, we contact a senior-level executive in each organization, who is in a position to facilitate a buying decision. Valufinder's widespread contacts, diverse relationships with active purchasers, our past successes and particular expertise place us in a preferred position to assure that a company gets the attention it deserves from the appropriate decision-makers.

> ***While I planned to sell my business in the near future, I was not sure how to begin investigating my options without demoralizing my staff or tipping off my competition. The solution lay with Valufinder. The team at Valufinder was able to discreetly arrange conference calls and meetings with private buyers without jeopardizing my business operations. Without the shields of selectivity and confidentiality, that Valufinder provided, the sale of my company could have been severely compromised.***
>
> \- Robert Grahner
> President (Retired)
> W&F Manufacturing

Coordination and Follow Through

Once the selected group of potential buyers receives the offering memorandum, Valufinder coordinates the flow of information, arranges meetings, answers questions, corrects misconceptions, assesses levels of interest, and gathers preliminary indications with respect to pricing, structure, timing and other terms of a sale.

Throughout the process, Valufinder acts as the seller's advocate. We coordinate the scheduling of meetings between the seller and the prospective buyers, and orchestrate the actual meetings. We often suggest limiting communications, and visits to the facilities to the handful of candidates who have expressed the highest levels of interest and who are considered the most serious.

Advisement and Negotiations

Perhaps the most important contribution to the selling process that we provide is our assistance in negotiations with potential buyers.

> ***It is not the facts which guide the conduct of men, but their opinions about facts; which may be entirely wrong. We can only make them right by discussion.***
>
> \- Sir Norman Angell

(Coordinating Negotiations – Continued next page)

At this crucial stage, the seller benefits from Valufinder's many years of successful negotiating experience, which often results in transforming a varied assemblage of potential buyers into a group of enthusiastic bidders engaged in a hotly contested auction for the company. Indeed, Valufinder's skillful orchestration of the negotiation process often elicits the very best price, terms and structure possible for the sale of the particular company.

Our efforts on the seller's behalf to manage and control the negotiation process extend to functioning as a shield between the seller and the potential buyer. We intervene to prevent misunderstandings. We protect the seller from the emotional ploys and bravado that frequently occur during the negotiating process. As a result, the seller has much greater flexibility and control as the negotiations progress.

When I'm getting ready to reason with a man, I spend one-third of my time thinking about myself and what I am going to say — and two-thirds thinking about him and what he is going to say.

- Abraham Lincoln

In continuing to represent the seller's interests during this process, the members of Valufinder's team attend meetings, provide the seller with insights into prospective buyers, their motivations and other relevant information, and advise about various negotiating strategies and deal structures that may be employed along the way.

We also coordinate with the seller's legal counsel, accountants and any other professionals and, if necessary, recommend additional advisors to ensure that all alternatives are being examined and contingencies are being covered. In short, we are dedicated to ensuring that the seller is fully informed and appropriately represented throughout the process.

Assessing Alternatives

As various offers are received, Valufinder analyzes them and presents them, in comparable terms, so that the seller can clearly and accurately evaluate their relative merits. While we understand that a seller may prefer an all-cash transaction, optimal pricing can sometimes be accomplished with various types of debt, or equity participation, or possibly with an earn-out or other contingent consideration. Many times, with the right buyer and structure, a seller can have two very lucrative bites of the apple instead of only one from the original sale. Many buyers suggest such alternatives in initial pricing discussions, and in the offers that follow.

Valufinder analyzes all reasonable offers, in conjunction with the seller's other advisors, for current tax laws, accounting, legal and regulatory factors. We assist in evaluating each alternative as it relates to the seller's particular objectives and circumstances in order for the seller to select the best offer.

> ***You see things: and you say 'Why?' But I see things that never were: and I say: 'Why not?'***
> - George Bernard Shaw

Documentation

Once a seller decides to accept a qualified offer, Valufinder can, as needed, work with counsel to draft a Letter of Intent or other documentation necessary to accurately describe the proposed transaction structure, and all the principal terms and conditions of the sale. Our assistance in preparing the documentation is often a great benefit, since we are highly experienced in developing and scrutinizing such information to assure that there are no unclear statements or major omissions, which could later unnecessarily reopen the negotiation process.

Confidentiality

Premature disclosure of a proposed sale can cause a variety of problems, such as personal or business embarrassment, or damage to the company's present and future operations. It can even place the sale itself at risk. Valufinder employs a number of rigorous procedures to ensure the utmost confidentiality.

We endeavor to minimize the possibility of unauthorized leaks by carefully researching the various prospective buyers and their motivations, and targeting only the most probable and serious of candidates prior to providing them with the offering memorandum. We also maintain continual contact with everyone involved during the negotiations and utilize Confidentiality Agreements. Although no one can guarantee perfect secrecy, we do everything that is realistically possible to make sure that the sale is conducted in strictest confidence.

> ***After a failed auction, we did not want to go down that path again. Valufinder was able to bring to us less than a handful of highly qualified buyers. With their help, we were able to quickly move forward and close a transaction. We subsequently had another transaction that was too small for our bulge bracket investment bankers and decided to do it in house. We contacted Valufinder who again introduced us to an excellent group of buyers, one of whom bought the company. Valufinder has been professional, fast, and discreet in all their dealings with us.***
>
> \- Leonard Nathanson
> Director of Mergers & Acquisitions
> ITT Corporation

Corporate Policies

Valufinder operates under a professional structure that reflects our commitment to the owner we are representing. Our corporate policies and our fee arrangement are designed to help ensure that the seller is properly represented and to provide incentives for maximizing the company's sale price.

An important professional consideration is that, unlike many firms, Valufinder will never represent both a buyer and a seller in the same transaction. We believe this practice is unethical and a serious conflict of interests. Not only is this our corporate policy, but we commit to it, in writing, in every fee agreement we sign.

Fees

When representing a seller, Valufinder operates under fee arrangements directly tied to incentives for meeting the seller's primary goal - maximizing the purchase price. Our success is tied to our client's success. This gives us a strong incentive to see to it that the seller receives the optimal purchase price.

Additionally, should an owner require only an appraisal and not seek to sell their company, a fee is charged that is not contingent upon any specific valuation or subsequent compensation.

Careful planning, attention to detail, and systematic follow-up are required to maintain the momentum needed to accomplish an owner's goals.

Valufinder's specialized expertise and assistance can prove invaluable in helping an owner maintain the enthusiasm and momentum essential to optimizing the terms of the sale or financing. With our advice and help in executing the appropriate strategies, an owner can move quickly to analyze offers and discuss alternatives as various issues arise in the process. In this way, the transaction can be completed under favorable conditions and terms that meet the owners's individual objectives.

A prudent person profits from personal experience, a wise one from the experience of others.
- Dr. Joseph Collins

Our team of professionals has successfully guided many business owners through the process of evaluating their business, connecting with buyers, conducting negotiations and assessing offers. Our collective history of results is impressive and speaks for itself, with over 150 completed transactions, totaling approximately $7.5 billion in enterprise value. Please visit our **News & Transactions** section for news and information on our most recent closings and to view **case studies** about sellers and buyers whose goals we have helped to achieve.

The intention of the discussion in our 'For Owner's section was to describe some of the complexities and nuances entailed in the sale or financing of a company, to introduce you to the steps involved in a professionally orchestrated transaction, and to the many services and assurances we at Valufinder provide.

We hope that we have answered your initial questions. Perhaps, in the process of reviewing this material, additional questions have arisen. Valufinder is always available to respond to your questions. At your convenience and without any obligation, we stand ready to explore with both you and your advisors - in strictest confidence - the various options available to you and the rewards a successful sale or financing can offer. We invite you to **contact us** to learn more either about a sale process or about an alternative solution, and to discuss your individual situation.

A journey of a thousand miles begins with a single step
- Ancient Chinese Proverb

Enterprise Value Calculations for Both Stand-Alone and Add-On Acquisitions

Owners who have not previously given serious consideration to the value of their company— especially from a buyer's perspective— will find it useful to read through the material in this section. This section is designed to provide a very preliminary seller's price range, based on parameters that are typically of interest to potential buyers.

Value for buyers is in their alternative choices for buying an income stream governed by equity availability. However, value for a seller is in what the company's restated EBITDA is accomplishing both on corporate and personal levels. Valufinder calculates a range for the enterprise value (see definition below) for *stand-alone* acquisitions by using the Part I formula described later in this section. For establishing a range of enterprise value for *add-on* acquisitions, we use both Part I and Part II, creating a two-part formula. We calculate the purchase price an owner can receive based on the enterprise value, adjusted for certain items found on the balance sheet. *We suggest that you read the entire section before attempting to use the matrices in Part I and Part II.*

I had already started the process to sell my company when Valufinder introduced me to one of their clients, the Triumph Group. Valufinder quickly arranged for the exchange of materials and made sure my information got into the hands of the buyer's president, the ultimate decision maker. Valufinder then helped both sides in moving the deal forward and having a successful closing.

- Gloria Coppin
Chairwoman (retired)
The Hydro-Mill Company

In the sale of a non-public company, a simple definition of "Enterprise Value" is the price or economic worth a buyer is willing to pay, after factoring in appropriate risk factors, to acquire a company with a given earnings stream, free of all interest-bearing debt and non-trade obligations.

Regardless of the type of seller you are, there are both micro and macro issues surrounding a sale. For instance, America's economy is in a period of tremendous change and will likely remain so because of significant factors including, but not limited to, foreign competition (particularly China and Southeast Asia), changing technology, an aging baby boomer population, both here and in Europe, and, to a lesser extent, changing interest rates, changing bank regulations, and changing lending environments. All these factors can not only increase the uncertainty regarding a company's

Minds are cluttered from the age of six with the values of others—values which bear little relation to their own private capacities, needs and desires.

- Marya Mannes

(Complimentary Owner's Valuation – Continued next page)

long term profit and its long term viability, but make determining its value more difficult. They can also change the underlying numerical assumptions used in the matrixes provided in the Part I and Part II formulas.

For a seller looking for a ballpark valuation of a company, the following Valufinder formulas create an initial working range of enterprise value. The two-part formula is used to determine a fair range of value at the beginning of discussions, which is perceived by both the seller and buyer as a realistic starting point to determine if a deal is possible. Specific modeling at this early stage, when accurate and exhaustive information about the company has yet to be obtained, is not justified or advisable. Instead, we use some proven shortcuts or yardsticks to determine a ballpark range of enterprise value.

Again, these yardsticks are not used to determine the final price. That is for both the buyer and seller to determine, once the buyer performs due diligence, and then sits down with the seller for subsequent discussions and negotiations.

Today's value system considers holding on to one's money as important as holding on to one's sanity.

- James A. Knight

For a seller looking for a ballpark valuation, the following Valufinder formula creates an initial working range of enterprise value. Please read the entire section before attempting to use the matrixes.

- **Part I**

  (Enterprise value based on the company being purchased as a stand-alone or platform)
- **Part II**

  (Valuations of potential synergies for add-on acquisitions

Enterprise Value Calculation: Part 1 Stand-Alone

The first part of the formula determines a range of enterprise value based on the company being purchased as a stand-alone or platform. This part takes into account the following current characteristics of a seller:

---

1 **Sales Size**

2 **Organic Growth**

3 **Restated EBITDA Margins as a percentage of sales**

4 **Averaging sales and margins to determine trends over a number of years**

5 **Additional Factors**

6 **Balance Sheet Data**

---

1 Sales Size

> ***The toughest thing about success is that you've got to keep on being a success. Talent is only a starting point in business. You've got to keep working that talent.***
>
> \- Irving Berlin

Many companies, when they are first starting, are small and do not face overwhelming national competition. Rather, they are focused on a very small niche, and fly under the radar of tough competition. However, as companies increase in sales size and enter new territories, they start to gain the attention of competitors and begin to experience increased competition. How a company survives and grows when confronting these obstacles, without making acquisitions, determines how sound its internal business model is. The better a company's performance with its business model, the higher the purchase price the sellers can expect to receive. The worse the performance, the poorer the business model, the lower the price they can expect to receive.

Buyers of companies, whether strategic or financial, generally need to perceive that a seller's business model is viable for at least 10 years. The reason that a 10-year time frame is important is that strategic buyers focus on their strategic plans for 10 years and want to make sure that the seller's company will continue to add value to the new parent over this time period. A financial buyer usually owns a company for three to seven years before the buyer may seek to sell it to the next or second

(Stand-Alone Owner's Valuation – Continued next page)

buyer. The second buyer (who is purchasing the company from the first) must be able to see an exit for their purchase/investment as well. If the second buyer cannot see a lucrative exit, then they will obviously not be willing to pay a high price to the first buyer for the company. The larger a seller's company, the more strongly the first buyer will believe that the company is a long-term survivor. The more certain the first buyer is that the seller's company will continue to survive and be profitable, the more money the first buyer will be willing to commit to the deal. The smaller the company, the greater the risk of it not being a long-term survivor and, therefore, the less the amount of money the buyer will be willing to put at risk in the deal. This translates into a lower purchase price. Therefore, the larger the company, the higher the starting multiple of restated EBITDA the seller can expect to receive.

2 Organic Growth

The longer the seller's trend lines are up for both sales and earnings, without acquisitions, the more strongly a buyer will believe that both will continue. If the buyer is convinced that this growth will continue under new ownership, then the buyer will also believe that the company will be more valuable when sold to the next buyer. This belief should translate into the buyer being willing to pay a greater price for a company when they buy it. Conversely, should the trend lines be flat or down, the lower the price or value of the company will be for the buyer.

> ***It is not the going out of the port, but the coming in, that determines the success of the voyage.***
> - Henry Ward Beecher

When a seller has grown largely by internal or organic means, it is fairly straightforward to calculate a stand-alone enterprise value. However, if acquisitions have fueled its growth, the valuation is trickier. This is because acquisitions are an outside stimulant and, unless the industry is highly fragmented, additional organizations may not necessarily be available to continuously provide growth. In this case, the sales contributed by acquisitions for the last three years should be subtracted from total sales before using the Internal Sales Growth matrix. To the extent possible-and this is why valuation is more art than science-the sales growth contributed by each acquisition during the last three years should be calculated separately and added to the overall number.

Use the [A] Chart below for 5 Year Average Internal Sales Growth Matrix

1 You will compute a company's sales growth per year (without the aid of any acquisitions) for each of the last three years, plus the current year, plus the projected growth for next year, and then divide by 5 to get the average growth of the five-year period.

2 After you compute the average growth

(Stand-Alone Owner's Valuation – Continued next page)

percentage, go to the left column on the matrix and using the current year's sales figure for the company, move down the column to the row where the seller's sales size matches.

3 Once in the correct row, move to the right and use the seller's average growth percentage to select the box that contains the corresponding percentage.

4 From this box move to the bottom of that column to the row labeled "Multiple," where the number provided gives you the first multiple for the formula.

A) 5 Year Average Internal Sales Growth %

Current Annual Sales ($ millions)	**5 Year Average Internal Sales Growth %**				
5-25	**5-10**	**10-15**	**15-20**	**20-25**	**25-∞**
25-75	**0-5**	**5-10**	**10-15**	**15-20**	**20-25**
75-200	**0**	**0-5**	**5-10**	**10-15**	**15-20**
200-∞	**n/a**	**0**	**0-5**	**5-10**	**10-15**
Multiple	**4x**	**5x**	**6x**	**7x**	**8x**

3 Restated EBITDA Margins as a Percentage of Sales

Many sellers believe that their company is unique and has a special niche, but buyers determine whether a company is unique by the simple rule that a company that is special has substantial Restated EBITDA profit margins (defined below). Low Restated EBITDA profit margins in comparison to a company's industry standards, despite an owner's protest, indicate that the company is not that special or, worse, is having operating problems. Usually, the smaller the company, the easier it is to have higher margins because the company can "cherry pick" the really high-margin business, and go after the low-cost sales. In addition, the owner and the employees can wear multiple job hats, keeping employee costs and employee count low and overhead low. Finally, the Seller might be small and agile enough that it can avoid major competitors and price competition.

As a company's sales increase, it finds that in order to grow it may have to go after lower margin business; go after business further away from its factory (thereby increasing its shipping costs); layer in new staff to deal with an increasingly competitive and complex business environment; or it may have to lower its prices or increase its services to cope with increased competition in new markets. Therefore, a buyer looks to see if a seller can maintain or increase the Restated EBITDA margins as their sales increase. If margins increase, it indicates that the company has a strong business model and leads the buyer to think this may continue under new ownership. If margins decline as sales increase, this might lead the Buyer to feel that there is a cap on the realistic growth and profitability of the company, thereby placing a cap on its profits and reducing the price he might be willing to pay.

The definition for Restated EBITDA means operating income less

(Stand-Alone Owner's Valuation – Continued next page)

Capital Expenditures (Cap X) for maintenance, but not for growth (which gets put back into earnings), less non-recurring income, less non-operating income (i.e. interest income), plus non-recurring losses, plus or minus for normalization of owner's compensation and benefits to equal a professional manager's.

Use the [B] Chart below for the Matrix of Restated EBITDA Margins Percentage to determine the next result.

1 Determine the company's Restated EBITDA Margins Percentage for the Trailing Twelve Months (TTM) or annualized for the current year by dividing Restated EBITDA by Sales.

2 Go to the left column and then using the current annual sales figure for the company move down the column until the seller's sales size fits.

- *Good men are not cheap*
- *Capital can do nothing without brains to direct it.*
- *No general can fight his battles alone. He must depend upon his lieutenants, and his success depends upon his ability to secure the right man for the right place.*
- *There is no such thing as luck.*
- *Most men talk too much. Much of my success has been due to keeping my mouth shut.*

- J. Ogden Armour

3 Then moving from the left to the right in this row, use the company's Restated EBITDA Margin to select the correct box the company fits into.

4 From there, move to the bottom of that column and determine the second multiple.

B) Restated EBITDA Margins

Current Annual Sales ($ millions)	Restated EBITDA Margins (% of Sales)				
5-25	**5-10**	**10-15**	**15-20**	**20-25**	**25-∞**
25-75	**0-5**	**5-10**	**10-15**	**15-20**	**20-25**
75-200	**0**	**0-5**	**5-10**	**10-15**	**15-20**
200-∞	**n/a**	**0**	**0-5**	**5-10**	**10-15**
Multiple	**4x**	**5x**	**6x**	**7x**	**8x**

4 Determining Initial Enterprise Value by Averaging

Using the results from Charts A and B above, look at (C) below and add the two multiples [(A) First Multiple found in your calculation in Internal Sales Growth, and (B) the Second Multiple found in your calculation in Restated EBITDA Margins] and divide by 2 to get an average. This will give you an approximate Multiple for the Company's earnings. The next step (D) is to use this Multiple to multiply the Company's latest annualized Restated EBITDA to determine an approximate price point for the enterprise value of the Company. Then (E), the Seller's enterprise value range, is plus and minus 10% from this price point.

C) Price Multiple = (A + B) / 2

D) Price Point = Price Multiple X Trailing Twelve Months Restated EBITDA

(Stand-Alone Owner's Valuation – Continued next page)

E) Seller's Price Range = Plus or Minus 10% of the Price Point

5 Additional Factors

There are 10 more additional factors that can further refine the valuation range and move it up or down by upwards of 25% or more but are beyond the scope of this do-it-yourself Valuation. Please contact us for a discussion of these questions and how they can effect your valuation.

6 Balance Sheet Data

A range for the total enterprise value is determined by both the above calculations, adjusted for the additional factors in #5. However, the purchase price or amount of money the owner actually receives can be increased or reduced by the following items on the balance sheet:

> ***Success in any enterprise requires the right producer, methods and men and each must complement the others.***
> - Joseph Burger

Increase in purchase price by the amount of:

1 Excess cash over the company's average annualized needs that an owner can retain after the sale.

2 Outside investments that an owner can retain, which are carried on the books, but are not needed for the on-going earnings stream of the company (i.e., stock, Treasuries, etc.).

3 Excess working capital that is over the trailing twelve-month average of working capital needs.

4 Excess assets that an owner can retain because they are not part of the business or necessary for the earning stream being sold by the owner (i.e. a closed facility or equipment that is yet to be sold).

Decrease in purchase price by the amount of:

1 Any interest-bearing debt for both short-term (including outstanding portions of working capital lines) and long-term debt.

2 Any unfunded legal liabilities.

3 Any unfunded EPA liabilities.

4 Any unfunded pension liabilities.

Now, take your price point as determined in instruction 4(D) above and add all your balance sheet positives then deduct all the balance sheet negatives and that will determine a realistic midpoint for a *purchase* price.

If you have any problems or questions about the usage of these formulas please **contact us**.

(Stand-Alone Owner's Valuation – Continued next page)

Enterprise Value Calculation: Part II Add-On

The second part of the formula that is used for valuations of potential synergies for add-on acquisitions is based on identifying for the buyer the synergistic opportunities with the seller, quantifying the amounts over a period of time, qualifying how real they are, and determining a current value that is a fair distribution between the seller and the buyer (taking into account the investment risk the buyer has in making the synergies real). Only the buyer's management sitting with the seller's management can identify these opportunities and place a value on them.

Success is the child of audacity.
- Benjamin Disraeli

Some areas for discussions cover:

1 Greater efficiency in personnel.

2 Reduction of people and overhead because of redundancies

3 Savings on the factory floor and in distribution with increased volume, better purchasing, and better utilization of assets and resources

4 Broader and deeper geographical coverage

5 Better product mix that increases sales and profits to the same customers.

Free and fair discussion will ever be found the firmest friend to truth.
- G. Campbell

6 More efficient usage of Research & Development budgets.

Until these questions are resolved, they provide a "fudge factor" in determining final enterprise value. It is thus difficult to make a determination of final value, unless the findings from Part II are known. However, a synergistic buyer should be prepared to make a handsome offer for the company based on identified synergies, which other buyers, who do not have these synergies, could not match.

Sometimes, if the synergies are questionable, then a buyer will offer the seller an initial cash price based on what they can see and believe in, and then add an earn-out to the price for those synergies that are in dispute. While the initial down payment might be less than what the seller is looking for, the final price once the synergies are obtained can get the seller to a higher price than if the seller was to sell to a buyer without the synergies.

Therefore, it is important for the seller to speak with the buyer in

(Add-On Owner's Valuation – Continued next page)

determining the final number.

Exceptional Circumstances

Companies Losing Money

How severely a company is losing money will affect how much the seller will get for the company. Since there are no earnings, the enterprise value of the seller tends to initially focus around book value.

Usually a company that has only one year of breakeven can negotiate a premium to book value, if the problem with earnings is a fluke and is not expected to continue. Assuming the company's fundamentals are sound and the company is returning to immediate profitability, then a combination of book value and an earn-out can be appropriate.

A company that has been consistently losing money and will probably continue to do so will have possible offers significantly less than book value. The larger the turnaround, the more buyers will be interested. The more assets the company has, the more resources the buyer has to work with to fix problems. Also, the more assets the buyer has, the bigger the payday will be when he makes the fix. A small turnaround will not usually get many buyers' attention, because, even if successful, the rewards are small.

> ***The pursuit of truth shall set you free—even if you never catch up with it.***
>
> \- Clarence Darrow

Companies that are Hugely Successful

In rare circumstances you will come across companies that are incredibly successful, with rocketing growth and fabulous margins for the foreseeable future. These kinds of companies will command outrageous multiples over a wide range because there is no way to gauge accurately the future successes. These kinds of companies are best brought to large public companies that might be able to gain some synergies, but - more importantly - maintain the perception that they are growth companies. Public companies can use their public stock with high PE's to bridge valuation issues.

> ***It is not enough to aim, you must hit.***
>
> \- Italian Proverb

However, should an owner want cash and still want to continue to participate with a very meaningful amount of equity in the company's future growth, then a leveraged recap should be of interest. Or, we can further tailor the deal to the company's growth and earnings by giving the owner an earn-out component that can significantly boost the overall price.

(Add-On Owner's Valuation – Continued next page)

Your Next Step

If you have any questions on the above materials, would like more information about anything you have read about here, or wish to learn how Valufinder may be of assistance to you, please **contact us**. We would welcome the opportunity to speak with you and to assist you in exploring your options. Please note that all conversations are kept strictly confidential and are without any obligation on your part.

***Succeed we must, at all cost—even if it means being a dead millionaire at fifty*.**
- Louis Kronenberger

Valufinder's team of experienced professionals has guided middle-market buyers and sellers through many successful transactions since the firm's founding in 1979. Our commitment to our clients and exceptional personal service has enabled Valufinder to build a strong track record and a sterling reputation in the industry. In this section, we offer selected examples of mergers and acquisitions that we have been instrumental in initiating and bringing to a successful conclusion.

Please view our Selected Transactions pages to view a list of representative transactions and tombstones. Our Case Studies section provides details on how we have helped to initiate some of these transactions, and provided support to buyers and sellers during the negotiation process. Current news and press releases announcing some of our recent transactions may be found in our Company News pages.

Excellence is an art won by training and habituation. We do not act rightly because we have virtue or excellence, but we rather have those because we have acted rightly. We are what we repeatedly do. Excellence, then, is not an act but a habit

- Aristotle

Selected transactions, in which Valufinder has assisted buyers or owners in initiating discussions, negotiating terms of sale and closing the deal, are listed in the table below. For your convenience, we have also represented them by industry in the pie chart below.

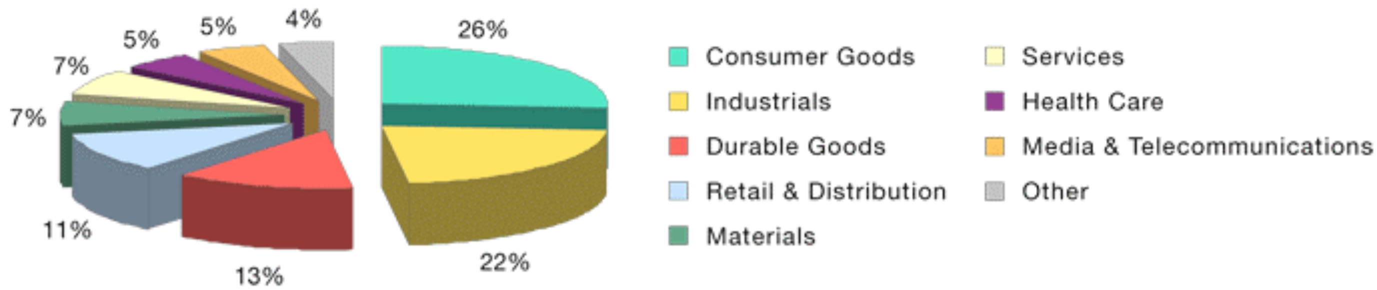


Table of Selected Transactions

Company/Seller	Business	Buyer	Transaction
THE REMINGTON ARMS COMPANY, INC. / E.I. DU PONT NEMOURS & COMPANY, INC.	A $400+ million manufacturer of rifles, shotguns, ammunition and related products	CLAYTON DUBILIER & RICE	Divestiture initiated on behalf of CLAYTON DUBILIER & RICE
ICI COMPOSITES, INC. AND FIBERITE EUROPE GMBH / IMPERIAL CHEMICAL INDUSTRIES, PLC	A leading manufacturer of advanced composite materials for the aerospace industry	DLJ MERCHANT BANKING GROUP & CARLISLE ENTERPRISES	Acquisition initiated on behalf of DLJ MERCHANT BANKING & CARLISLE ENTERPRISES
FURNITURE FACTORY OUTLET	A leading Midwest retail discount furniture chain	ALPINE INVESTORS, LP	Acquisition Initiated on behalf of ALPINE INVESTORS, LP
S & S INDUSTRIES/ CORTEC GROUP	A leading designer/ manufacturer of components & specialty wire products sold to brassiere and swimwear makers	SOURCE CAPITAL	Acquisition Initiated on behalf of SOURCE CAPITAL
BECO INDUSTRIES LTD.	Canadian designer/ manufacturer and importer of private label, branded and licensed home textile products	TERRAVEST INCOME FUND	Acquisition Initiated on behalf of TERRAVEST INCOME FUND
SMS SYSTEMS MAINETNANCE SERVICES, INC.	A leading national computer systems maintenance services company specializing in supporting mid-range users with mission critical requirements	FRONTENAC COMPANY, LLC	Acquisition Initiated on behalf of FRONTENAC COMPANY, LLC
RCR INTERNATIONAL INC.	A leading North American manufacturer of branded and private label products for the Do-It-Yourself (DIY) home improvement and industrial markets	SOUTHFIELD CAPITAL ADVISORS	Acquisition Initiated on behalf of SOUTHFIELD CAPITAL ADVISORS
WHITMAN SADDLES MANUFACTURING CO., INC.	The largest domestic manufacturer of English riding saddles and other equestrian products	DENT & COMPANY, INC.	Acquisition initiated on behalf of DENT & COMPANY, INC.

Company/Seller	Business	Buyer	Transaction
COLORSPAN CORPORATION	A leading manufacturer of wide format inkjet printing equipment	MacDERMID, INC.	Acquisition initiated on behalf of MacDERMID, INC.
HAMILTON MILL / INTERNATIONAL PAPER COMPANY	A leading specialty paper mill providing a wide variety of branded premium products to printers, distributors, converters & graphic designers	SMART PAPERS, LLC	Divestiture initiated on behalf of SUN CAPITAL PARTNERS
GRAVOGRAPH GMBH	The world's leading manufacturer of engraving equipment and supplies headquartered in France	CASTLE HARLAN, INC.	Acquisition initiated on behalf of CASTLE HARLAN, INC.
AUDIO PRECISION, INC.	A leading manufacturer of electronic instruments used to test and measure professional and consumer audio and broadcast equipment	HANOVER PARTNERS, INC.	Acquisition initiated on behalf of HANOVER PARTNERS, INC.
KWS MANUFACTURING, INC.	A leading provider of bulk material handling equipment used in pulp & paper, and other industries	J.B. POINDEXTER & CO., INC.	Acquisition initiated on behalf of J.B. POINDEXTER & CO., INC.
FORDICK CORPORATION	A manufacturer and importer of a broad line of lawn and garden products	MIDWEST AIR TECHNOLOGIES	Acquisition initiated on behalf of MIDWEST AIR TECHNOLOGIES
RUGBY MANUFACTURING, INC.	A manufacturer of hydraulic hoists, dump bodies and truck platforms	HANOVER PARTNERS, INC.	Acquisition initiated on behalf of HANOVER, INC.
CASIANO COMMUNICATIONS, INC.	A diversified communications company providing business and consumer publications and services to the bilingual Hispanic community	WAFRA PARTNERS, L.P.	Financing initiated on behalf of WAFRA PARTNERS, L.P.
O.M. SCOTT & SONS and W. ATLEE BURPEE DIVISION / ITT CORPORATION	A $200+ million lawn and garden care products manufacturer	CLAYTON & DUBILIER	Divestiture initiated on behalf of CLAYTON & DUBILIER
BURROUGHS BUSINESS FORMS DIVISION/ UNISYS CORPORATION	The $180 million international business forms and domestic stationery supplies division	CLAYTON & DUBILIER	Divestiture initiated on behalf of CLAYTON & DUBILIER
THE OLD HARBOR CANDLE CO. / TOWLE MANUFACTURING CO.	A $280 million giftware manufacturer	BLYTHE INDUSTRIES, INC.	Divestiture initiated on behalf of BLYTHE INDUSTRIES, INC.
ACTION LABS, INC.	A diversified manufacturer of vitamins and nutritional supplements	NUTRACEUTICAL CORPORATION	Acquisition initiated on behalf of NUTRACEUTICAL CORPORATION
REMCO MAINTENANCE CORPORATION	A major regional building maintenance company	OMNI FACILITY RESOURCES	Acquisition initiated on behalf of OMNI FACILITY RESOURCES
ALL NIGHT MEDIA, INC	A leading creator and manufacturer of rubber stamps for the craft, stationery, gift and toy markets	THE DYSON-KISSNER-MORAN CORPORATION	Acquisition initiated on behalf of DYSON-KISSNER-MORAN
CAFE VALLEY, INC.	A leading regional manufacturer and marketer of high quality baked goods	SEAVER KENT & COMPANY	Acquisition initiated on behalf of SEAVER KENT & COMPANY

Company/Seller	Business	Buyer	Transaction
HICKORY FARMS	A diversified manufacturer and retailer of gourmet foods	JUPITER PARTNERS	Financing initiated on behalf of JUPITER PARTNERS
EMBROIDERY SERVICES, INC.	A manufacturer of custom art needlework	TRIVEST, INC.	Acquisition initiated on behalf of TRIVEST, INC.
HYDRO-MILL COMPANY	A manufacturer of structural aircraft components	TRIUMPH GROUP, INC.	Acquisition initiated on behalf of TRIUMPH GROUP, INC.
K.G. BOX, INC.	A manufacturer of corrugated boxes	CODE HENNESSY & SIMMONS, LLC	Acquisition initiated on behalf of CODE HENNESSY & SIMMONS, LLC
C&N DINING, INC.	A multiple unit Burger King franchise	AMERIKING, INC.	Acquisition initiated on behalf of AMERIKING, INC.
DIVERSCO HOLDINGS, INC.	A contract maintenance, janitorial services & temporary staffing company	LINSALATA CAPITAL PARTNERS	Acquisition initiated on behalf of LINSALATA CAPITAL PARTNERS
THE KING COMPANY	A specialty producer of industrial heating, ventilating and refrigeration equipment	FLAIR CORPORATION	Acquisition initiated on behalf of FLAIR CORPORATION
WILSON JONES	A manufacturer of filing systems and stationery	AMERICAN PAD AND PAPER CORPORATION	Divestiture initiated on behalf of AMPAD
PDQ, INC.	A leading car wash equipment manufacturer	DOVER CORPORATION	Acquisition initiated on behalf of DOVER CORPORATION
MICHIGAN INDUCTION, INC.	A metal heat treating operation	BODYCOTE IMT, INC.	Acquisition initiated on behalf of BODYCOTE IMT, INC.
ADVANCED TECHNOLOGY SERVICES	A leading maintenance and repair organization specializing in servicing custom machinery	COLUMBIA NAPLES CAPITAL LLC	Acquisition initiated on behalf of COLUMBIA NAPLES CAPITAL LLC
HOOVEN HEAT TREATING	A metal heat treating operation	BODYCOTE IMT, INC.	Acquisition initiated on behalf of BODYCOTE IMT, INC.
THE NEW AMSTERDAM BREWING COMPANY	A division of the Matt Brewing Company	CHATHAM IMPORTS	Divestiture initiated on behalf of MATT BREWING COMPANY
TWO-GETHER LEATHER MANUFACTURING	A diversified manufacturer of personal leather goods	TANDYCRAFTS, INC.	Acquisition initiated on behalf of TANDYCRAFTS, INC.
THE GAULEY SALES CO. / ITT CORPORATION	A leading distributor of mining supplies and equipment	An affiliate of ISLAND CAPITAL	Divestiture initiated on behalf of ISLAND CAPITAL
J-MAR ASSOCIATES, INC.	A manufacturer of inspirational gift items, verse cards and accessories	TANDYCRAFTS, INC.	Acquisition initiated on behalf of TANDYCRAFTS, INC.

THE DATING AND CALENDARS PRODUCT GROUP / THE AMPAD CORP.	A manufacturer of dating and calendars and other products for the stationary industry	THE KEITH CLARK CORP.	Divestiture initiated on behalf of AMPAD
TECHNICARBON COMPANY, INC.	The nation's largest manufacturer of carbon paper	An affiliate of STRATEGIC INVESTMENTS & HOLDINGS, INC.	Acquisition initiated on behalf of STRATEGIC INVESTMENTS &HOLDINGS, INC.
THE LION, INC.	A contract bottler of soft drink beverages and the 10th largest brewing complex in the United States	QUINCY PARTNERS	Acquisition initiated on behalf of QUINCY PARTNERS
LIFE SUPPORT PRODUCTS, INC.	A leading manufacturer of emergency respiratory medical equipment	ALLIED HEALTHCARE PRODUCTS, INC.	Acquisition initiated on behalf of ALLIED HEALTHCARE PRODUCTS, INC.
W&F MANUFACTURING COMPANY, INC.	A $27 million novelty wax manufacturer	THE FARM HOUSE FOODS CORPORATION	Acquisition initiated on behalf of the FARM HOUSE FOODS CORPORATION
THE DOXSEE FOOD CORPORATION / SONESTA INT'L HOTELS OF BOSTON, MA	A $67 million manufacturer of various types of clam products and salad dressings	STANWICH INVESTMENTS	Divestiture initiated on behalf of STANWICH INVESTMENTS
THE C.A. REED DIVISION / THE WESTVACO COMPANY	A $24 million party goods manufacturer	THE CARMAN CORPORATION	Divestiture initiated on behalf of the CARMAN CORPORATION
WILL & BAUMER COMPANY	A $14 million religious articles manufacturer and distributor	QUINCY PARTNERS	Divestiture initiated on behalf of QUINCY PARTNERS
BRIGGS DIVISION / THE JIM WALTERS CORP.	A $92 million plumbing fixtures manufacturer	JP INDUSTRIES, INC.	Divestiture initiated on behalf of JP INDUSTRIES, INC.
OFFICE PRODUCTS GROUP / THE CROWN ZELLERBACH CORP.	A $250 million stationery wholesaling company	ANDLINGER & CO.	Divestiture initiated on behalf of ANDLINGER & CO.
ICI SECURITY PRODUCTS GROUP / IMPERIAL CHEMICAL INDUSTRIES, PLC	The leading international manufacturer of security dye packs for the banking industry	LINCOLNSHIRE MANAGEMENT, INC.	Divestiture inititiated on behalf of LINCOLNSHIRE MANAGEMENT
STRATEGIC MATERIALS, INC. / EQUUS HOLDINGS	The nation's largest recycler of glass materials	NEXCYCLE an affiliate of LINCOLNSHIRE MANAGEMENT, INC.	Acquisition initiated on behalf of NEXCYCLE »
HUFFY SERVICE SOLUTIONS / HUFFY CORPORATION	A leading provider of outsourced merchandising services to consumer product manufacturers and retail chains	NATIONAL PRODUCT SERVICES an affiliate of H.I.G. CAPITAL	Acquistion initiated on behalf of NATIONAL PRODUCT SERVICES

Valufinder's professionals, at the firm or in their earlier careers, have successfully initiated over 150 completed transactions, covering a broad range of industries and situations. The case studies in this section provide more details about some of the transactions in which Valufinder has helped to bring buyers and sellers together. We invite you to explore the examples we have provided and to contact us, if you would like to learn more about a specific case.

PRIVATE SELLERS

- **Hydro-Mill Company Acquisition by Triumph Group**

  Estate sale satisfies goals of buyer and seller...
- **Diversco Holdings, Inc. Acquisition by Linsalata Capital Partners**

  Retirement sale enables owner to pursue new interests...
- **PDQ, Inc. acquired by the Dover Corporation**

  Sale of business enables partners to pursue individual personal goals...

CORPORATE DIVESTITURES

- **The Remington Arms Company sold by E.I. Dupont De Nemours & Company, Inc.**

  Confidential divestiture of corporate orphan satisfies objectives of buyer and seller...
- **O.M. Scott & Sons and W. Atlee Burpee Division divested by ITT Corporation**

  Initial failed auction creates opportunity for the confidential introduction of aggressive new buyer...
- **ICI Composites, Inc. and Fiberite Europe GMBH divested by Imperial Chemicals Industries, PLC**

  Discreet and expeditious sale enables seller to divest division incompatible with future growth plans...

ADD-ON ACQUISITIONS

- **Lincolnshire Management's portfolio company NexCycle acquires Strategic Materials, Inc.**

  Combination of potential synergies results in a closing...
- **JP Industries, Inc. acquires The Briggs Division from the Jim Walters Corporation**

  Strategic add-on propels buyer to new level...
- **Jordan Company's portfolio company Ameriking, Inc acquisition of C&N Dining, Inc.**

  Identification of true participants leads to the restart of a deal...

Hydro-Mills Company Acquisition by The Triumph Group, Inc.

Estate sale satisfies goals of buyer and seller...

The Acquisition of

Hydro-Mill Company
A manufacturer of structural aircraft components

by

The Triumph Group, Inc.
A $350 million manufacturer of aerospace systems and parts
(A Citicorp Venture Capital Investment)

The undersigned initiated this transaction and was an advisor to Triumph Group

VALUFINDERGroup

Valufinder was contacted by the widow of the owner of Hydro-Mills (who had kept our correspondence in his files) who wanted to know if our potential buyer was still interested in the company. Pressed into service due to the death of her husband, the widow had done a tremendous job in improving the company but was now looking to sell in order to diversify her estate and spend more time with her family.

Hydro-Mills is one of the country's leading fabricators of structural aircraft components primarily for the large internal pieces found inside a plane's wings. The company, started in the 1940s, had grown with the aircraft industry and had invested heavily over the years in superior engineering capability and specialized equipment.

After learning more about the company and the seller's goals, we realized that the original buyer, whose circumstances had changed since the initial contact, might only be marginally interested. Further, the owner did not want a large auction but wanted to speak to a small group of qualified buyers who had industry expertise, the financial resources to complete the deal, and finally would take care of her people. With the seller's approval, Valufinder then performed a thorough search of both strategic and financial buyers and was able to identify a select group of buyers who not only met the owner's criteria but also were eager to do a deal in this market segment.

I had already started the process to sell my company when Valufinder introduced me to one of their clients, the Triumph Group. Valufinder quickly arranged for the exchange of materials and made sure my information got into the hands of the buyer's president, the ultimate decision maker. Valufinder then assisted both sides in moving the deal forward and reaching a successful closing.

Gloria Coppin
Chairwoman (retired)
The Hydro-Mill Company

Since the owner was already in discussions with other buyers, Valufinder quickly prepared a preliminary information package for the buyers that highlighted Hydro-Mills' strengths and opportunities. We assisted in the exchange of documents, information, and facilitated discussions. A number of these buyers made handsome offers.

The owner selected Valufinder's client, the Triumph Group, a publicly traded company. Triumph is a diversified manufacturer of aircraft component parts and had grown both by internal growth and careful acquisitions. Triumph was looking to further diversify into aircraft structural components and determined that Hydro-Mill offered unique manufacturing capabilities and deeper penetration into this market. Valufinder initiated this transaction with carefully selected buyers, and helped to facilitate the process up to and through the closing.

(Private Sellers - Continued on next page)

Diversco Holdings, Inc. Acquisition by Linsalata Capital Partners

Retirement sale enables owner to pursue new interests...

Valufinder had spoken to the owner of Diversco several times over many years. Even though the owner had always recognized that he would need to sell in the future, he had not been ready to do so, because he was "having too much fun". Finally, however, the owner was ready to cash out. While willing to stay on for a transitional period of time, he was looking forward to his retirement and moving on with his life. The seller enlisted the assistance of Valufinder, because of the long-standing relationship with our team, and, based on the impartial professional advice that we had provided over the years.

The Acquisition of

Diversco Holdings, Inc.

A contract maintenance, janitorial services & temporary staffing company

by

Linsalata Capital Partners

A $425 million private conglomerate

The undersigned initiated this transaction and was an advisor to Linsalata Capital Partners

VALUFINDERGroup

Diversco had four broad categories of business: contract maintenance, janitorial services, security staffing, and temporary staffing. The owner had built up the company internally by hard work, excellent marketing, and strong customer service. He had also made "bolt on" acquisitions, over the years, of companies that complemented his product lines and geographical reach. He felt that, while the company had excellent internal growth prospects, there were numerous acquisition opportunities as well.

Valufinder determined a realistic valuation range and prepared the preliminary information package (the "Acquisition Profile") necessary to attract the attention of potential buyers. Valufinder highlighted Diversco's strong points and opportunities, and explained the areas of concern, along with possible solutions. Valufinder created a presentation that demonstrated to potential Buyers the significant upside that Diversco possessed, and gave them a comfortable feeling about the company. Valufinder prepared and contacted a carefully selected list of potential buyers, obtained Confidentiality Agreements from each, distributed the Acquisition Profile, arranged for conference calls, scheduled introductory meetings, and continued to facilitate the transaction up to and through the successful closing.

One of the selected buyers who received the Acquisition Profile was Linsalata Capital Partners, whose partners had experience in providing industrial services. Linsalata felt, after reviewing the Acquisition Profile and meeting with the owner, that the company had excellent potential. Linsalata was able to structure a deal with the owner that led to a closing several months later.

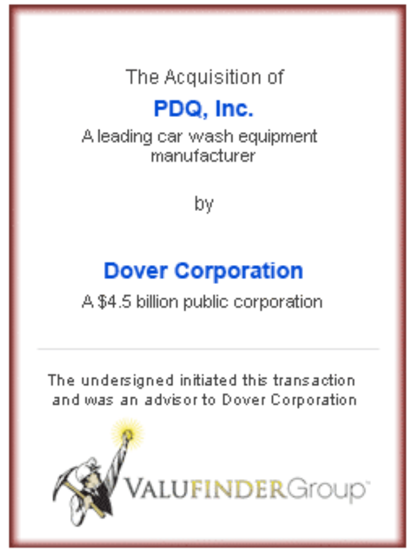
It is always a pleasure to work with the Valufinder team. Valufinder brings the highest levels of responsiveness and professionalism to every situation. Their hard work is reflected in their long tenure in the industry and excellent reputation they have within our firm.

Rob Webber
Managing Director
Linsalata Capital Partners

(Private Sellers - Continued on next page)

PDQ, Inc. Acquisition by The Dover Corporation

Sale of business enables partners to pursue individual personal goals...



The three partners of PDQ had come to a point when their personal goals no longer held them together, and decided to sell the business and go their separate ways. Valufinder had kept in touch with the company over several years, although the timing, previously, had not been right for a sale. Valufinder never pushed the partners to sell, but continuously offered information and objective counsel. When the partners arrived at the decision to sell the company, they relied upon Valufinder, to assist them, due to the perceptive advice and support they had received from Valufinder throughout the years.

PDQ Manufacturing was founded in 1984. In 1990 the company introduced touch-free vehicle wash systems, and quickly became the leading global manufacturer of these systems. The company's products are designed to deliver superior wash results, while providing lower operating costs and higher profits.

Valufinder first gave the owners a range of value based on the information the owners provided about the company, as well as our valuation of the company's past and future performance. The owners were satisfied with the range and decided to move forward, but they were looking for a quick and discreet transaction. One of the owners wanted to remain with the business, and felt the company would be seriously disrupted if there were a long parade of potential buyers marching through their offices. Valufinder prepared the initial information package that demonstrated the company's inherent strengths and leading position in its markets, and that justified the high asking price. We then researched a large number of buyers and discreetly contacted a carefully chosen few who had specifically expressed an interest in niche manufacturers with PDQ's characteristics.

In late 1997, one of my partners announced that he desired to exit the business and return to New Zealand. We decided to investigate the possibility of selling the business and responded to an inquiry from Valufinder. Many companies expressed interest in purchasing PDQ. However, Valufinder listened to what we were looking for and then found the right buyer for us. The PDQ management team selected Valufinder's client, the Dover Corporation because of its commitment to leave the management team in place and allow the company to continue to operate autonomously. Without Valufinder, we never would have found Dover.

Charlie Lieb
President
PDQ Manufacturing, Inc

One of the buyers selected was the Dover Corporation, a NYSE publicly traded diversified conglomerate. Dover's portfolio of companies comprises truly high quality, unique organizations. Dover owned a number of companies in the automotive service sector, and was fast to recognize PDQ's value. A transaction was quickly negotiated and consummated. Valufinder orchestrated the entire process, including preparation of information materials, buyer selection, introduction and deal facilitation up to and through the closing.

The Remington Arms Company Sold by E. I. Dupont De Nemours & Company, Inc.

Confidential divestiture of corporate orphan satisfies objectives of buyer and seller...

The Divestiture of
The Remington Arms Co., Inc.
A $400+ million manufacturer of rifles, shotguns, ammunition and related products
from
E.I. Du Pont De Nemours & Co., Inc.
A $40 billion diversifiied chemical corporation
by
Clayton, Dubilier & Rice
A $12 billion diversified private conglomerate

The undersigned initiated this transaction and acted as an advisor to Clayton, Dubilier & Rice

VALUFINDERGroup

Dupont had purchased Remington in the early 1930s, when Remington needed working capital because of the Great Depression. Remington, the country's leading manufacturer of sporting rifles, shotguns, ammunition and related products, was a major customer of Dupont's gunpowder operations. However, in the early 1980s, Dupont, a $40 billion manufacturer of industrial disposables, had divested its gunpowder and explosives operations and the direct connection with Remington, a manufacturer of consumer durables, had been severed.

Remington had grown to approximately $400 million in sales by the 1990s, and was the number one name in selling sporting arms and related products to the retail customer through multiple channels of distribution. However, the company no longer reported directly to the parent's senior management and was missing opportunities in the marketplace because of a lack of resources. By 1994 Dupont had decided to sell Remington, as part of an effort to narrow the parent's focus on its core industrial disposable business.

Valufinder had identified Remington as a corporate orphan in 1984 and believed it was just a matter of time before Dupont would decide to sell. Valufinder contacted Dupont's corporate development office about the possibilities of selling. Early conversations were inconclusive, because Dupont was not sure what direction it wanted to take. After several years, Valufinder then opened direct communication with Remington's senior management. Valufinder had on-going conversations and meetings with Remington's chairman for several years prior to Dupont's decision to sell.

As soon as it became apparent that Dupont was reconsidering its ownership, Valufinder, on its own initiative, carefully examined the acquisition criteria of a number of large and experienced Private Equity groups. Less than a handful of carefully screened buyers were selected and discreet conversations enabled us to assess which buyer had the highest probability of closing this type of transaction. We were able to determine that one buyer in particular, Clayton & Dubilier, because of the personal interests of senior partners, had the greatest likelihood of closing a deal.

(Remington Arms - Continued on next page)

The Remington Arms Company Sold by E. I. Dupont De Nemours & Company, Inc.

In 1994, when Dupont finally decided to sell Remington, Valufinder got the call and was able to quickly arrange a meeting between the seller and the buyer. The transaction was quickly consummated. For Valufinder this transaction - from initial identification to closing - took nine years. Initiative, Persistence, Expertise, and Facilitation are all Valufinder's traditional hallmarks.

Valufinder was persistent and stayed in touch with me year-in and year-out until I was ready to do something. They asked me the right questions and never were pushy. They listened to our situation, went back to their offices, and did their homework. They found for us the right buyer. Valufinder arranged the introduction and help facilitate the negotiations through some difficult periods. We wouldn't have found this buyer without them.

B. R. Brown
President (Retired)
The Remington Arms Company

(Corporate Divestitures - Continued on next page)

O. M. Scott & Sons and W. Atlee Burpee Division

Divested by ITT Corporation

Initial failed auction creates opportunity for the confidential introduction of an aggressive, new buyer...

In 1984, the ITT Corporation, one of the original conglomerates, had begun to reassess its business units both in terms of core competencies and those having significant size and growth potential. Over a decade earlier, O. M. Scott & Sons and W. Atlee Burpee ("Scott/Burpee") had been acquired and formed one division. While this division had significant consumer brand awareness, it was deemed to be outside the parent's "hold and grow" criteria. ITT decided to take the company to market in a major investment banking auction and, after selecting a buyer, had been unable to close.

The Divestiture of
O.M. Scott & Sons
and
W. Atlee Burpee Division
A $200+ million lawn and garden care products manufacturer
from the
ITT Corporation
A $17 billion diversified private conglomerate
by
Clayton & Dubilier
A $12 billion diversified private conglomerate

The undersigned initiated this transaction and was an advisor to Clayton & Dubilier

VALUFINDER Group

Scott/Burpee, with over $200 million in sales, are major brand names in the lawn and garden markets. "Scott" was the largest brand name manufacturer of lawn care products and "Burpee" was a major seed and bulb catalogue sales organization. The lawn and garden market was viewed as a growth industry, and, in addition, had a number of opportunities for consolidation.

In 1985, Valufinder, having previously identified this division as a corporate orphan, and aware of the failed auction the prior year, contacted ITT about the possibility of selling. ITT had decided to hold the business because the failed auction had caused personnel problems, which had in turn caused performance issues. Valufinder was convinced that, ultimately, ITT would reconsider selling, and maintained ongoing contact with the ITT corporate development office.

In 1986, ITT reconsidered its position and decided to sell. However, after the failed public auction, ITT wanted its own corporate development people to handle the sale quietly and discreetly, without any public statements until the transaction closed. After several meetings and, after assuring ITT that Valufinder could discreetly select and qualify a handful of exceptional buyers, we were given the go ahead to introduce the Scott/Burpee Division to a limited group of buyers. One of these buyers, Clayton & Dubilier, ultimately purchased the company, recognizing that O. M. Scott represented an outstanding platform for both internal growth and for adding on smaller competitors for their synergies.

After a failed auction, we did not want to go down that path again. Valufinder was able to bring to us less than a handful of highly qualified buyers. With their help, we were able to quickly move forward and close a transaction. We subsequently had another transaction that was too small for our bulge bracket investment bankers and decided to do it in house. We contacted Valufinder who again introduced us to an excellent group of buyers, one of whom bought the company. Valufinder has been professional, fast, and discreet in all their dealings with us.

Leonard Nathanson
Director of Mergers & Acquisitions
ITT Corporation

(Corporate Divestitures - Continued on next page)

ICI Composites, Inc. and Fiberite Europe GMBH

Divested by Imperial Chemicals Industries, PLC

Discreet and expeditious sale enables seller to divest division incompatible with future growth plans...

Imperial Chemical Industries (ICI) had been chartered during the 19th century by the British Government to help locate and exploit lucrative opportunities for Britain's chemical industry throughout the British Empire. ICI had grown into one of the world's largest diversified chemical manufacturers, from the raw products taken directly from mines, to producing the final industrial and consumer products. However, by the mid 1990's, ICI had decided to move away from commodity chemicals and small markets to focus on high margin and large growth markets, particularly broad industrial applications and pharmaceuticals.

The Acquisition of
ICI Composites, Inc. and Fiberite Europe GMBH
A leading manufacturer of advanced composite materials for the aerospace industry
from
Imperial Chemicals Industries, PLC
A $24 billion international chemical organization
by
DLJ Merchant Banking Group & Carlisle Enterprises
DLJ Merchant Banking Group is a $14 billion diversified conglomerate and Carlisle Enterprises is a $480 million private conglomerate

The undersigned initiated this transaction and was an advisor to DLJ Merchant Banking & Carlisle Enterprises

VALUFINDERGroup

ICI Composites and Fiberite were leading manufacturers of advanced composite materials for the aerospace industry, and were considered high-value-added manufacturers. However, ICI considered the market for these manufacturers small, and outside of its future core competencies. They decided to sell and had a major investment banking firm conduct a large public auction. This auction produced a serious buyer who was unable to raise the necessary financing to close the transaction.

Valufinder, aware of the failed auction, contacted ICI's corporate development group about the possibility of selling. We were informed that, while they still wanted to sell in the long term, they were sensitive about the failed auction and any possible divestiture was on indefinite hold. However, if someone came knocking on their door who had both industry expertise and no financing contingency, ICI might be willing to have an exploratory introductory meeting. Above all the process had to be confidential.

> ***My firm had already sold a company with Valufinder's assistance and they had remained in contact with us about some of our other holdings. When we had a smaller division to divest, we decided to sell it ourselves and contacted Valufinder. Other than a small group of possible strategic buyers, we did not know the current market of buyers and Valufinder offered to help us identify additional buyers. They simply did an outstanding job. Not only did they introduce us to a superior group of aggressive buyers, Valufinder then went on to assist and coordinate the exchange of materials, follow up, and negotiations to make sure that the process maintained its momentum. I would commend Valufinder to anyone in the business of mergers & acquisitions.***
>
> Derek Kirk
> Mergers & Acquisitions
> Imperial Chemical Industries

After thoroughly examining several hundred screened buyers from a universe of several thousand, Valufinder identified a buyer who could meet both of ICI's criteria. We were able to arrange a meeting for the partnership of Carlisle Enterprises and DLJ Merchant Banking with ICI. Carlisle had managing partners who had previously been senior managers in the composite industry, and they had partnered with DLJ Merchant Banking, which had the financial resources. Based on all indications, the partnership was anxious to do a deal.

The transaction was discreetly and quickly completed to the satisfaction of both sides. Valufinder initiated the transaction and facilitated the process up to and through the closing.

Lincolnshire Management's Portfolio Company, NexCycle Acquires as an Add-on, Strategic Materials, Inc.

Combination of potential synergies results in a closing...

The Acquisition of

Strategic Materials, Inc.
A leading North American glass recycler

from

Equus Holding

by

NexCycle
A Portfolio Company of
Lincolnshire Management, Inc.

The undersigned initiated this transaction and was an advisor to NexCycle

VALUFINDERGroup

NexCycle was established to be a major worldwide factor in the plastic recycling, glass recycling, environmentally sensitive packaging, and specialized collection markets. The company is an international firm providing waste recovery services, specializing in recovery systems and also adding value to secondary materials. Recently acquired by Lincolnshire Management, NexCycle has an aggressive business plan for both internal growth and possible growth from acquisitions.

Lincolnshire informed Valufinder that they were seeking acquisition opportunities in both plastic and glass recycling. Lincolnshire shared with Valufinder the key criteria that they felt were essential for a candidate to have an initial positive review. On the basis of this information, Valufinder searched its proprietary and industry databases, and identified several companies that were interesting leads. Valufinder then contacted those leads to establish if any could be potential prospects.

Strategic Materials, Inc., a leading North American glass recycler was a portfolio company of Equus Capital Management. After nearly 6 months of scheduled and persistent follow-up, Valufinder was able to reach the President of Equus on the phone. He expressed interest in learning more about Lincolnshire and the potential opportunity. Valufinder shared information over the phone, sent material to him, and followed up to answer questions. Once he was satisfied that NexCycle was a synergistic company and that Lincolnshire was an experienced acquirer, Valufinder was able to prepare the initial information package on the seller and arrange a conference call and subsequent meeting with the buyer.

Both sides immediately recognized the potential of combining their operations and were able to reach agreement on a transaction that took their market and operating synergies into account. Valufinder continued to facilitate the exchange of data and communications, up to and through the successful closing.

I have been working with Valufinder now for 16 years, and I clearly find them to be one of the best in the business. They provide us with consistent, high quality, and proprietary deal flow, and they truly help facilitate the transaction until closing. These guys are much more than just brokers. They go the extra mile by listening to all sides and staying involved. They are facilitators in the truest sense of the word.

Jim McNair
Managing Director
Lincolnshire Management

(Add On Acquisitions - Continued on next page)

JP Industries, Inc. Purchase of the Briggs Division from The Jim Walters Corporation

Strategic add-on propels buyer to new level...

The Divestiture of

Briggs Division

A $92 million plumbing fixtures manufacturer

from

The Jim Walters Corp

A $2 billion diversified building products company

by

JP Industries, Inc.

A $450 million corporation

The undersigned initiated this transaction and was an advisor to JP Industries, Inc.

VALUFINDERGroup

JP Industries, Inc. (JPI) was formed by a group of senior operating managers who had left Masco Industries to start their own business. Their expertise was in two manufacturing sectors: vehicle components, and plumbing products. JPI had made a number of small acquisitions in both segments and had used their experience to obtain higher productivity and greater financial returns than the previous owners. JPI, which had gone public and had available both cash and equity to finance their transactions, wanted to grow the company significantly, and wanted one large acquisition to move them to the next level.

JPI informed Valufinder of their acquisition criteria, which was added into Valufinder's proprietary database of buyer's criteria. Subsequently, Valufinder, in speaking to the Jim Walters Corporation (Walters), a large publicly traded building products manufacturer, about another piece of business, inquired per our prospecting procedures about other divisions of Walters that might be for sale. We specifically asked if the Briggs Division might be for sale. Briggs, with sales of nearly $100 million, was a leading manufacturer in the second tier of porcelain sinks, tubs, and toilets.

In preparation for the Briggs' conversation, we had researched our database and had identified JPI as a potential buyer. Briggs was not for sale, but we were asked the reason for our inquiring. We explained that we had a potentially interested buyer, JPI, and why they would be motivated. Walters felt that the inquiry was intriguing and asked Valufinder to discreetly probe JPI's interest level, without revealing the Briggs name or too much detail about Briggs. Walters had not actively thought about divesting and did not want any rumors to get started in the marketplace, which they felt would be very disruptive to Briggs' business. We called JPI and, as requested by Walters, did not reveal the name, but provided enough information to get a meaningful response. With a positive answer, we called Walters, who after some deliberation, decided to pursue the opportunity and have an initial conference call.

The conference call led to a meeting, which in turn led to a Letter of Intent within two weeks, and a closing three months later. Valufinder initiated and facilitated the entire process up to and through the closing.

Valufinder identified and reached out to organizations we never even thought about as potential sellers. They introduced us to several excellent companies that as far as I knew had not been on the market. Valufinder found the right company for us and assisted us in completing the transaction. The acquisition lifted our company to the next level. We appreciate their help and responsiveness and look forward to doing more deals with them.

Miguel Nistal
Executive Vice President
JP Industries

(Add On Acquisitions - Continued on next page)

Jordan Company's Portfolio Company, Ameriking, Inc. Acquisition of C&N Dining, Inc.

Identification of true participants leads to the restart of a deal...

The Acquisition of

C&N Dining

A multiple unit Burger King franchise

by

Ameriking, Inc.

A $270 million franchise of Burger King restaurants (A Jordan Company Investment)

The undersigned initiated this transaction and was an advisor to Ameriking, Inc.

VALUFINDERGroup

The Jordan Company is a major private equity player in the middle market. Starting in the late 1970s, Jordan, an active practitioner of the "Buy and Build" strategy, bought well over a hundred different companies for both platform and add-ons. Jordan found a Burger King franchisee as a potential platform, and, after performing initial due diligence, determined that, with the franchiser's blessing, they could build this organization into a major restaurant chain under the Burger King umbrella. The key to rapid growth was to make acquisitions of other Burger King franchisees that were interested in cashing out and/or retiring. The synergies in combining these operations would be significant in quantity purchase discounts, management expertise, and availability of better financing for capital growth opportunities, like real estate and equipment purchasing.

Jordan, which has their own aggressive acquisition program, also supplements their activities with the efforts of trusted intermediaries - since a buyer never knows where a deal can come from. Jordan informed Valufinder of their acquisition criteria, which were then entered into Valufinder's proprietary database of buyers actively seeking deals. In due course, Valufinder's continuous prospecting uncovered such a deal.

C&N Dining, Inc. was a 27-unit Burger King franchisee owned by two partners. One partner had recently passed away and the surviving partner was interested in selling and had entered into discussions with a potential buyer. Time was of the essence, since he was expecting an offer fairly soon; however, he was open to talking to Jordan, although he was not familiar with the firm. We immediately called Jordan and were informed by them that they were already speaking to the owner and were in fact, waiting for a call back. Confused, we called the partner we had previously spoken with and asked him for clarification. Again the owner said he did not know Jordan and did not know what we were talking about. Now totally mystified we called Jordan back and spoke to the partner in charge of the roll-up, who again assured us he was already in contact, and added that he was waiting for "Peter to get back to him". We had been talking to John the surviving partner; Peter was the partner who had died. Peter was never going to get back to Jordan and therefore, Jordan was going to miss the opportunity.

> ***For over a decade, Valufinder has consistently done a tremendous job of introducing us to quality companies in a variety of industries. We truly value their business development capabilities and look forward to closing more deals with them in the future.***
>
> A. Richard Caputo
> Senior Principal
> The Jordan Company, L.P.

Once we clarified the players and the urgency, Jordan was re-introduced to the surviving partner and was quickly able to make a successful offer that closed three months later.

Please return to this section of our website periodically to view press releases for Valufinder's recent transactions, and to learn about company activities and events. Select items are listed below. Read the details on the following pages, or feel free to contact us for more information.

- **New York, NY –** Valufinder Group, Inc. is pleased to announce that its client, Alpine Investors**,** LP, has acquired Furniture Factory Outlet.

  Read the press release

- **New York, NY** – Valufinder Group, Inc. is pleased to announce that its client, Source Capital, has acquired S & S Industries from Cortec Group.

  Read the press release

- **New York, NY** – Valufinder Group, Inc. is pleased to announce that its client, TerraVest Income Fund, has acquired Beco Industries Ltd.

  Read the press release

- **New York, NY –** Valufinder Group, Inc. is pleased to announce that its client, Frontenac Company, LLC, has acquired SMS Systems Maintenance Services, Inc.

  Read the press release

- **New York, NY –** Valufinder Group, Inc. is pleased to announce that its client, Southfield Capital Advisors, has acquired RCR International Inc.

  Read the press release

- **New York, NY** - Valufinder Group, Inc., is pleased to announce that its client, Spell Capital Partners, through their holding in PW Poly Corporation, has acquired Uponor Aldyl Company, a divestiture from Uponor Corporation.

  Read the press release

- **New York, NY** - Valufinder Group, Inc., is pleased to announce that its client, Lincolnshire Management, through their holding in NexCycle, Inc., has acquired Strategic Materials, Inc., from Equus Capital Management.

  Read the press release

- **New York, NY** - Valufinder Group, Inc., is pleased to announce that its client, H. I. G. Capital, through their holding in National Product Services (NPS), has acquired Huffy Service Solutions (HSS), a divestiture from Huffy Corporation.

  Read the press release

Alpine Investors, LP acquires Furniture Factory Outlet, Inc.

New York, N.Y. – Valufinder Group, Inc is pleased to announce that its client, Alpine Investors, LP of San Francisco, CA has acquired Furniture Factory Outlet of Muldrow, OK.

Furniture Factory Outlet is one of the largest retail furniture chains in the Midwest offering quality furniture and accessories at outlet prices. The company, founded in 1984, has 24 stores located throughout Arkansas, Kansas, Missouri, and Oklahoma. Furniture Factory Outlet serves secondary markets and furniture is sold at discount, as is, directly off the showroom floor. Through aggressive print and television media advertising the company has become a household name in its region.

Alpine Investors had informed Valufinder that it was interested in specialty retail and consumer products companies. Valufinder had contacted Furniture Factory Outlet in early 2006 and the company was ready to contemplate a sale by the summer of that year. Valufinder introduced Alpine to the company in August 2006 and facilitated a series of discussions that led to a successful close in March 2007.

Valufinder is an investment banking firm specializing in middle market mergers and acquisitions since 1979. Valufinder finds unique acquisition opportunities for financial and strategic buyers outside of the usual auction environment. Valufinder, or its professionals, have participated in more than 150 transactions totaling over $7.5 billion in enterprise value.

For more information contact Victor Danett, Vice President, at 212-243-1133 or via email at vdanett@valufindergroup.com.

Source Capital LLC Acquires S&S Industries, Inc from Cortec Group

New York, N. Y. - Valufinder Group, Inc. is pleased to announce that its client, Source Capital LLC of Atlanta, GA, has acquired S&S Industries, Inc. of Long Island City, NY.

S&S is the leading global designer and manufacturer of components and specialty wire products sold to brassiere and swimwear makers. S & S supplies hooks and predominantly underwires to manufacturers and retailers and has manufacturing facilities in the United States, Mexico, and China. S&S was founded in 1947, and subsequently acquired Flexline, a leading European manufacturer of underwires in 1985 and ADS/Marlin Plastics in 1999 which added rings and slides to the company's product line. S&S opened a manufacturing facility in Mexico City in 2000, in China in 2001, and in Honduras in 2004.

Cortec Group, Inc. a Valufinder buy side client, approached Valufinder to help with their interest in selling S & S, one of their portfolio companies. Valufinder knew that its client Source Capital was interested in niche manufacturing companies with sales and earnings similar to those of S&S. Valufinder then verified with Source Capital and Cortec that no discussions were taking place between them regarding a possible +transaction. Valufinder subsequently made the introduction, which led to negotiations between the parties, and ultimately to a successful transaction.

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For more information contact Philip Berliner, Vice President, at 212-243-1133 or via email at pberliner@valufindergroup.com.

TerraVest Income Fund Acquires Beco Industries Ltd.

New York, N.Y. - Valufinder Group, Inc. is pleased to announce that its client, TerraVest Income Fund of Edmonton, Alberta has completed the purchase of an 80% interest in Beco Industries Ltd. of Montreal, PQ.

Beco is the largest Canadian designer, manufacturer and importer of private label, branded and licensed home textile products including sheets, comforters, bedspreads, duvet covers, decorative pillows, blankets, window coverings, juvenile bedding and sleeping bags. The company recently expanded into kitchen and bath textiles and accessories. Beco sells a wide variety of household textile products through retailers in Canada (60% of revenues) and the US (40%). Its major customers include Walmart, Loblawas Superstores and Zellers in Canada, and Kohl's, Ross Stores, Meijer and Fred Meyer in the United States.

TerraVest is a publicly traded income trust with a portfolio of diversified businesses and whose stated objective is to provide stable and increasing cash returns to its Unitholders. The Fund has announced increased per Unit distributions of more than 30% since its inception in July, 2004. Its mandate is to build a diversified portfolio of high quality, mid-sized companies for outstanding growth in per Unit distributions and income stability.

During the summer of 2004, TerraVest informed Valufinder that it was seeking to build its portfolio of mid-sized Canadian companies. Valufinder launched a targeted search on behalf of TerraVest and subsequently identified Beco as a potential opportunity for TerraVest and an introduction was made by Valufinder. Valufinder stayed in contact with Beco throughout the fist half of 2005 where the seler was looking to meet certain financial objectives prior to moving discussions further along. Valufinder continued to follow up and facilitated the discussions which led to further negotiations and ultimately to a successful transaction.

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For more information contact Brian Levine, Senior Vice President, at 212-243-1133 or via email at blevine@valufindergroup.com.

Frontenac Company, LLC Acquires SMS Systems Maintenance Services, Inc.

New York, N.Y. -Valufinder Group, Inc. is pleased to announce that its client, Frontenac Company, LLC of Chicago, IL has acquired SMS Systems Maintenance Services, Inc. ('SMS") of Hudson, MA.

SMS is a leading national computer systems maintenance services company specializing in supporting mid-range users with mission-critical requirements. SMS has provided since 1981 superior service to its client base of over 800 contract customers through its 22 field service centers strategically situated throughout the country.

The Company's maintenance service programs include Local Hot Spares, operating system telephone support, remote access and diagnostic capability, flexible call windows and response times, preventive maintenance, warranty enhancements, as well as all inclusive protection for service needs beyond normal failures. In addition to providing maintenance services to its clients, the company provides disaster recovery, asset tracking and auditing, relocation services, system upgrades and integration, client training programs, remote systems management, systems performance analysis and tuning, and network design and troubleshooting.

Frontenac, founded in 1971, is a private equity investment firm with over $1 billion under management and has invested in more than 150 companies across eight private equity funds. Through their CEO1st investment program, they work with proven executives to acquire and grow middle-market companies that provide services and value-added products. They have extensive experience in meeting the needs of selling shareholders, typically owner-operators, as they address complex business transition issues of liquidity, executive team enhancement, and growth.

In late June of 2005, Frontenac informed Valufinder that it was seeking opportunities for their CEO1st program and was interested in companies which would have a gap in senior management either at or post the sale of the company. Valufinder had initiated and maintained dialogue with SMS since December 2001 and knew that the company's President would be looking to retire post acquisition and felt that this was an ideal opportunity for Frontenac. Valufinder made the introduction which led to negotiations between the parties, and ultimately to a successful transaction.

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Southfield Capital Advisors acquires RCR International Inc.

New York, N.Y. - Valufinder Group, Inc. is pleased to announce that its client, Southfield Capital Advisors of Greenwich, CT has acquired RCR International Inc. of Boucherville, Quebec.

RCR International is a leading North American manufacturer of branded and private label products for the do-it-yourself (DIY) home improvement and industrial markets. RCR, founded in 1946, is recognized as a pioneer in the door and window insulation market. It is the preeminent manufacturer and distributor of weather stripping and other home insulation products in Canada, with a dominant market share of over 90%. RCR's product line has over 3,000 SKUs including weather stripping, window insulation kits, floor moldings, anti-skid tapes, commercial and decorative carpets and mats, and foam seals and tapes.

Southfield Capital had informed Valufinder that it was interested in a diverse group of industries including building products and would look into cross border transactions. Valufinder had maintained dialogue with RCR since 1999 until at which time the company was ready to explore a transaction in the fall of 2005. Valufinder subsequently introduced RCR to Southfield and facilitated the discussions which led to further negotiations and ultimately to a successful transaction in April 2006.

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For more information contact Brian Levine, Senior Vice President, at 212-243-1133 or via email at blevine@valufindergroup.com.

Spell Capital Partners' PW Poly Corporation Acquires Uponor Aldyl Company from Uponor Corporation

New York, N. Y. - Valufinder Group, Inc. is pleased to announce that its client, Spell Capital Partners of Minneapolis, MN, through PW Poly Corporation of Hastings, NE, a subsidiary of PW Eagle, has acquired Uponor Aldyl Company (UAC), a divestiture from Uponor Corporation of Finland.

PW Eagle is a manufacturer of PVC pipe products and is the second largest PVC pipe maker in the US. PW Eagle manufactures pipe and tubing through a plastic extrusion process and PW Poly is an extruder of small diameter polyethylene (PE) pipe. PW Eagle's common stock is traded on the NASDAQ National Market under the symbol "PWEI." PW Eagle/PW Poly operates eleven manufacturing plants across the US with annual revenues of approximately $330 million.

In early 2002, Valufinder Group began discussions with UAC and learned that its parent, Uponor Corporation, wanted to exit from the PE municipal pipe business in the US by divesting Uponor Aldyl. Valufinder introduced a select group of clients to Uponor Corporation in 2002 and 2003 and, then in early 2003, Spell Capital Partners announced that PW Eagle had acquired Uponor ETI, Uponor's municipal PVC pipe division in the US. Valufinder verified with Spell Capital and UAC that no discussions were taking place between them regarding a possible transaction. Valufinder made the introduction which led to negotiations between the parties, and ultimately to a successful transaction.

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Lincolnshire Management's NexCycle Acquires Strategic Materials, Inc. from Equus Capital Management

New York, N. Y. - Valufinder Group, Inc., is pleased to announce that its client, Lincolnshire Management, through their holding in NexCycle, Inc., has acquired Strategic Materials, Inc., from Equus Capital Management.

NexCycle is a worldwide leader in the glass recycling, environmentally sensitive packaging, and specialized collection markets. The company provides waste recovery services, specializing in recovery systems and secondary materials. Strategic Materials, with over 30 plants and depots throughout the United States, is the largest glass recycler and powdered glass processor in North America, with over 33% of the domestic cullet market.

Lincolnshire Management informed Valufinder that it was seeking expansion opportunities for NexCycle. Utilizing its customized search engines, Valufinder cross-referenced NexCycle's acquisition criteria with its proprietary company database to identify several target opportunities for NexCycle. One of the opportunities identified was Strategic Materials, owned by Equus. On behalf of Lincolnshire, Valufinder contacted Equus, presented the framework for the NexCycle acquisition and facilitated negotiations between the parties.

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For more information contact Jay M. Aidikoff, Managing Director, at 212-243-1133 or via email at jaidikoff@valufindergroup.com.

H. I. G. Capital's National Product Services Acquires Huffy Service Solutions from the Huffy Corporation

New York, N. Y. - Valufinder Group, Inc., is pleased to announce that its client, H. I. G. Capital, through their holding in National Product Services (NPS), has acquired Huffy Service Solutions (HSS), a divestiture from Huffy Corporation.

NPS is a nationwide provider of outsourced merchandising services to major consumer product manufacturers and large retail chains. The company specializes in in-home and in-store assembly, and in-store product demonstration services for a variety of products, such as furniture, bicycles, and outdoor grills. HSS is the largest in-store assembly company in North America, with operations in all 50 states and Canada, under the names of Huffy Service First, Retail Service Pro and Creative Retail Services. HSS serves many of the same customers as NPS, including Lowe's, The Home Depot, Target, Wal-Mart and K-Mart.

H. I. G. informed Valufinder that it was seeking expansion opportunities for NPS. Utilizing its customized search engines, Valufinder cross-referenced NPS' acquisition criteria with its proprietary company database to identify several target opportunities for NPS, one of which was the HSS division of Huffy. H. I. G. was aware of HSS, but had been unsuccessful in attracting the attention of Huffy. Valufinder, having a long-term relationship with Huffy senior management, contacted them on behalf of H. I. G. and presented the idea for divesting this non-core division of their sporting goods company. Negotiations between the parties followed, leading to a successful transaction. HSS is the largest of six acquisitions for NPS.

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If you are an owner, a potential seller or buyer of a business, or if you have a question about the information provided on our website, are a member of the press requesting an interview, or would like general information about Valufinder, please visit our website. A member of the Valufinder team will respond promptly to your request.

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If you prefer, please call us directly at our main number or visit the Key Players page to contact a member of our firm via email. All conversations and materials discussed or exchanged between you and Valufinder regarding a possible transaction will be kept confidential.