



CREATE THE OPPORTUNITY

Actively Managed Private Equity Investments Since 1969

Founders

Established 1969

WE ARE **THOROUGH, DILIGENT, AND RIGOROUS**
IN OUR APPROACH. AT THE SAME TIME
WE ENCOURAGE MANAGEMENT TO BE
INVENTIVE AND TO CHALLENGE CONVENTION.



Founders

Since 1969, Founders Equity has been actively engaged in private equity investing and in assisting the growth of small to mid cap enterprises. We've initiated acquisition programs, restructured businesses, raised debt and equity in private placements and public offerings, and realized liquidity to maximize value, both as pro-active investors and as corporate executives.

From 1969 through 2003, Founders has been responsible for investing in excess of \$500 million of debt and equity capital in 24 principal transactions and more than 80 add-on acquisitions. These investments have generated average equity returns in excess of 40% per year.

Our principals have had significant operating experience and strive to be value-added partners with entrepreneurial owners and management teams. We focus on recapitalizations or buyouts of established businesses, management teams pursuing an acquisition growth strategy, and later stage growth equity investments.

We are acutely aware of the risks inherent in smaller businesses, the critical importance of developing management depth, and the additional support that companies require to achieve success. Therefore, we are pro-active in considering investment opportunities, and we maintain that posture throughout the term of our relationship with the companies we've invested in. During the entire process we strive to be thorough, diligent, and rigorous in our approach, and simultaneously we encourage management to be inventive and to challenge convention.

We like to call this Creating the Opportunity.



EXPERIENCED INVESTORS

In contrast to many private equity firms, we are not solely financial buyers. Our principals are entrepreneurs who have started and managed businesses. The heritage of the firm is based on our understanding of the challenges faced by business owners/entrepreneurs and the skills required to succeed in operations, marketing, finance, and overall corporate strategy. We are available to actively support our portfolio companies. However, while we strive to make a meaningful contribution to each of our companies, the ultimate responsibility for managing the business enterprise remains with the executives of our portfolio companies.



WARREN H. HABER Warren H. Haber co-founded Founders and has been at the firm for over 35 years. He has equity research and investment banking experience, having been at Merrill Lynch and Bear Stearns. Mr. Haber has served as an Executive Officer and/or Director with a number of Founders portfolio companies and currently serves on the board of directors of CoStar Group, Inc. (NASDAQ) and Warnex, Inc. (Toronto Stock Exchange).

JOHN L. TEEGER John L. Teeger has been at Founders for over 20 years. He has public accounting, corporate finance, and investment banking experience with Arthur Andersen, Anglovaal Limited, Union Acceptances, and Bear Stearns. Mr. Teeger has served as President, Director, and CFO of several of Founders portfolio companies.

JOHN D. WHITE John D. White, Jr. (“J.D.”) has been at Founders for over 10 years and has served on the board of a number of Founders portfolio companies. He was a co-founder of a previous portfolio company and served as its Executive Vice President and CFO when it was taken public. He has global operating and financial experience with Digital Equipment Corporation and investment banking experience with PaineWebber.

OUR SUCCESS IN WORKING WITH MANAGEMENT TEAMS

Fragmented Industry Consolidation, Buy and Build Strategy, Exploit Technology Company: Provider of Seismic Services to Oil Companies

- FOUNDERS STRATEGY AND ACTION PLAN**
- Identified shift in technology use in the industry from 2-D to 3-D
 - Identified a management team and started pursuing buy and build strategy
 - Provided capital so management could purchase equipment to utilize new technology, roll up this fragmented industry, and gain market share
 - Moved swiftly to consolidate administrative functions and install state of the art operating and financial systems
- RESULTS**
- Revenues increased from \$50 to \$100 million in 18 months
 - EBITDA increased 4x
 - Later sold to competitor for 15x investment

Corporate Divestiture of Publicly Traded Subsidiary, Turnaround Situation Company: Manufacturer of Uninterruptible Power Supply Systems

- FOUNDERS STRATEGY AND ACTION PLAN**
- Worked with management to identify and initiate service business—new revenue source
 - Consolidated operating and sales offices
 - Closed underperforming foreign offices
 - Upgraded accounting and reporting systems
 - Supplemented and reorganized management team
- RESULTS**
- Turnaround completed and company profitable within the first year of investment
 - Sold to a competitor for 6x investment

Growth Strategy, Exploit Technology Company: Provider of Database Information in the Commercial Real Estate Market

- FOUNDERS STRATEGY AND ACTION PLAN**
- Invested capital so management could execute a geographic expansion plan
 - Assisted in the acquisition of data providers in various regions
 - Utilized capital markets relationships to provide additional financing through IPO and add on financings
 - Supported management team in implementation of strategy through entire investment
- RESULTS**
- Revenues increased 40x since original investment
 - Valuation increased from \$12 million to over \$750 million
 - Company is industry leader

CREATING THE OPPORTUNITY

- FOUNDERS EQUITY WORKS WITH MANAGEMENT TEAMS TO IDENTIFY AND CREATE OPPORTUNITIES**
- Our team values the importance of strong business relationships and the entrepreneurial spirit
 - We work together as partners to create generous incentives and personal growth opportunities for management
- FOUNDERS HAS THE REPUTATION AND TRACK RECORD TO ENABLE US TO RECRUIT SENIOR MANAGEMENT TEAM MEMBERS AND VALUE-ADDED BOARD MEMBERS**
- Management is charged with day-to-day operational control
 - We ensure that additional capital is made available to support future growth
 - We can complement a company’s internal growth when appropriate, with targeted add-on acquisitions
 - We can assist management in the planning and implementation of an appropriate exit strategy
 - Our team provides in-house strategic, operating, marketing, and financial expertise





OUR INVESTMENT STRATEGY

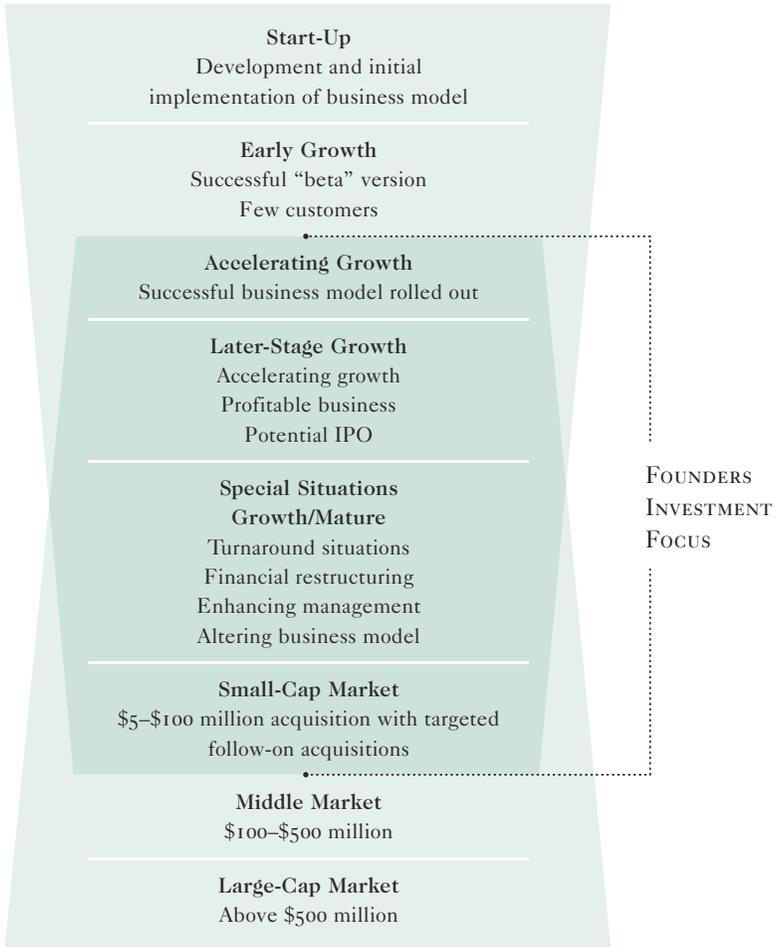
We have approximately \$140 million of capital under management. We are committed to long-term value creation that generates above average returns.

- IDENTIFY INVESTMENT OPPORTUNITIES** We continuously monitor macro-economic trends to identify investment opportunities, and we perform in-depth industry analysis and thorough due diligence prior to investing
- EXPERTISE & UNDERSTANDING** We invest in businesses in which we have expertise and understanding
- "ADDED VALUE"** We provide "added value" to portfolio companies in the form of strategic advice, relationships, and investment experience
- GEOGRAPHICALLY PROXIMATE** We focus on companies that are primarily located east of the Mississippi
- LEAD SPONSOR** We intend to be the lead sponsor in at least 70% of our investments
- MAXIMIZE DEAL FLOW** We maximize deal flow by utilizing finders, advisors, former managers, investors, attorneys, accountants, and investment bankers — and we pay finders fees
- MAINTAIN OPEN COMMUNICATIONS** We maintain open communications with our business managers, intermediaries, investors, business partners, and employees
- OPPORTUNISTIC, ENTREPRENEURIAL SPIRIT** We foster an opportunistic, entrepreneurial spirit both within our firm and in the businesses in which we invest



THE FOUNDERS APPROACH

- PRO-ACTIVE INVESTMENT PHILOSOPHY** We are active, not passive, in identifying investment opportunities
- MANAGEMENT MANAGEMENT MANAGEMENT** We seek managers who share our values of integrity and transparency and who, like us, are dedicated to increasing equity value in enterprises in which they have an ownership position
- MAXIMIZE RETURN ON CAPITAL** We strive to maximize the return on capital we deploy, and generate superior returns
- FUNCTION AS A TEAM** We strive to forge an entrepreneurial spirit, while maintaining a team approach
- EMPLOY THE BEST** We seek to attract and retain highly motivated people who share our values
- INTEGRITY AND TRANSPARENCY** We conduct our activities with high integrity and transparency





INVESTMENT FOCUS

- EQUITY INVESTMENT**
- Up to \$10 million per transaction
 - Up to \$20 million per transaction with co-investors
 - Founders obtains a level of corporate control via percentage ownership or security provisions

- COMPANY SIZE**
- \$2 to \$15 million of Operating Profit (EBITDA)
 - Revenues \$20 to \$150 million

- COMPANY PARAMETERS**
- Above average growth prospects
 - Strong barriers to entry in its market area
 - Has in place or employs motivated, insightful, incentivized management
 - Demonstrates strong growth potential — organically and/or by acquisition strategies
 - Operates in fragmented industry offering consolidation opportunities
 - Utilizes technology to attain a competitive advantage or to reposition their business
 - Underperforming businesses that we believe can be repositioned

- TARGETED INDUSTRIES**
- Business and Marketing Services
 - Outsourcing and Logistics
 - Healthcare Services
 - Environmental Services
 - Security Systems
 - Oilfield Services
 - Consumer Products and Services
 - Food/Food Services
 - Franchising
 - Niche Manufacturing

- TRANSACTION FORMAT**
- Management Buyouts
 - Recapitalizations
 - Special Situations/Turnarounds
 - Corporate Divestitures
 - Going Private
 - Buy and Build Strategies
 - Accelerating Growth
 - Later-Stage Growth

PARTNER WITH FOUNDERS

Founders Equity encourages investment proposals from investment banks, business brokers, industry executives and entrepreneurs, commercial banks, attorneys, accountants, and other private equity groups. All proposals are handled in strict confidence.

We respond promptly to all investment proposals. Please contact us to discuss how we can partner with you and “Create the Opportunity.”

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