

Founders Equity Invests with the New York State Common Retirement Fund in Decorative Stone Company

August 14, 2006 | A New York City-based decorative stone distributor is expanding thanks to a \$15 million investment led by Founders Equity; with \$8.2 million of this money being invested by the New York State Common Retirement Fund (“CRF”).

Headquartered in Manhattan, Stone Source distributes natural stone, ceramic tile, engineered stone, glass tiles and other decorative surfaces. The two founders of the Company, Jeff Green, President and Chief Executive and Mark Shadrofsky, Vice President and Chief Operating Officer, will continue in these roles and will also retain significant equity interests in the company. The founders plan to use the new capital for internal growth which will result in new jobs for the New York City area.

Founders Equity led the investment, which also included outside capital from Fieldston Investors. The \$8.2 million from the State pension came from capital committed to both Founders Equity and the Hudson River Co-Investment Fund in which the CRF is the majority investor. These commitments are part of the CRF’s In-State Private Equity Investment Program. This program was created in 1999 as a component of the Jobs 2000 legislation. It is designed to help small businesses in New York find the capital they need to help them grow. The CRF has committed \$425 million to the program, which is split among a network of 15 private equity managers. The CRF’s commitments have helped leverage commitments from other investors increasing the growth capital available to businesses through this program to \$765 million.

Alan G. Hevesi, New York State Comptroller said “Small businesses account for the majority of jobs in New York State, but sometimes it is difficult for these growing firms to obtain the assistance they need. I am pleased that through our In-State private equity program, we were able to partner with an established, professional firm like Founders Equity, which in turn identified Stone Source as an investment target. I am confident that this investment will prove to not only create new jobs, but to provide the Common Retirement Fund with a strong return.”

“I appreciate Comptroller Hevesi’s commitment to growing our State Pension Fund by investing in promising small businesses like Stone Source, which form the heart of the 29th Senate District,” said State Senator Thomas K. Duane (D WFP-Manhattan).

“Since Stone Source was founded more than 18 years ago, the company’s growth has been driven by our ability to provide architects, designers and end users with an edited collection of sophisticated top quality natural stone and other decorative surfaces, along with the highest levels of professionalism and responsive service,” Jeff Green, co-founder, President and Chief Executive Officer of Stone Source said. “Our partnership with Founders Equity, the New York State Common Retirement Fund, Hudson River Fund and Fieldston will give Stone Source access to the capital needed to realize our full global growth potential, both organically and through acquisitions.”

Mark Shadrofsky, co-founder, Vice President and Chief Operating Officer, added, “We at Stone Source pride ourselves on constantly searching for exciting new materials from the world’s best sources to satisfy the demand of our customers and providing reliable expert consultation. We believe our partnership with Founders Equity aligns our company with a financial expert who believes in the strength and growth potential of our company’s product lines and views Stone Source as an excellent platform to build on.”

"Stone Source is a well-run company that enjoys an outstanding reputation in the marketplace for its collection of quality products," John Teeger, a partner at Founders Equity said. "The management team has done an excellent job of growing the business by identifying successful new product lines and helping provide solutions to its customers. We look forward to using our creative and entrepreneurial approach to helping the company leverage its existing product lines and expand through opening new branch locations throughout the United States."

About Stone Source

Stone Source distributes natural stone, ceramic tiles, glass tiles, engineered stone and other decorative surfaces. The company's main office, showroom, warehouses and fabrication facilities are in New York City and it has branches and showrooms in Boston, Chicago and Washington, D.C. and sales offices in Philadelphia and Los Angeles. The company offers a wide variety of architecturally significant materials, along with expert knowledge and service that create design solutions for professional architects, designers and end users for residential and commercial projects. For more information see www.stonesource.com

About Founders Equity Inc.

Since 1969, Founders Equity has been actively engaged in private equity investing and enhancing the value of small to mid-cap enterprises. All of its principals have had significant operating experience and, accordingly, Founders Equity strives to be added-value partners with entrepreneurial owners and management teams. It focuses on later-stage growth equity investments, recapitalization or buyouts of established business and management teams pursuing an acquisition growth strategy. Founders Equity has a \$140 million fund and is actively adding to its portfolio of companies. For more information on Founders Equity, please visit www.fequity.com.

For more information please contact:

Dolores Arton

Founders Equity Inc.

Phone: 212-829-1061

Email: darton@fequity.com

Web Address: www.fequity.com