



CORE VALUES

Gardner Standard's investment strategy is based on its core values:

- › **Integrity.** We hold ourselves to the highest ethical standard in all our dealings.
- › **Insight.** We strive to develop new ideas and new ways of thinking about industries, businesses and long-term trends. We continually challenge our current beliefs.
- › **Collaboration.** We seek to work with business owners and management teams on an equal partnership basis. Good ideas carry the day.
- › **Resolve.** Businesses often follow a non-linear path to success. We respond to business challenges by seizing opportunities to improve our business model and better position ourselves for future success. We work toward solutions.
- › **Diligence.** We work hard to carefully analyze investment opportunities, develop investment themes and take the steps necessary to help companies succeed. We don't take short-cuts.
- › **Flexibility.** When we find an attractive business, we seek to invest on fair terms. This can take the form of controlling equity ownership, an influential minority equity position or subordinated debt with an equity component. We are comfortable with complex deal-structuring situations.

Introduction to Gardner Standard

Gardner Standard is a Minneapolis-based investment firm focused on investing in small middle-market companies. Gardner Standard traces its origins to a Minnesota-based, family-run business founded in 1884. Our heritage provides a valuable perspective that distinguishes us from most investment firms. At Gardner Standard, we understand the importance of a long-term commitment to employees and the community.

We consider investments in a wide variety of market segments such as those listed below. The fundamentals of a business, particularly its growth prospects and competitive position, are our focus rather than a specific market segment.

Gardner Standard is always relationship-oriented. We strive to work closely with capable management teams to enhance financial performance and build an enduring business. We are long-term investors and do not maintain a standard formula for exiting an investment after five, seven, or any arbitrary number of years.

We invite you to learn more about working with Gardner Standard and how we invest.

CURRENT MARKET SEGMENTS OF INTEREST

- | | |
|---|-----------------------------------|
| Abrasive Products | Measurement & Control Instruments |
| Adhesives | Medical Billing |
| Aerospace Products, Parts & Services | Medical Equipment & Supplies |
| Boilers & Heat Exchangers | Oil & Gas Field Services |
| Childcare / Early Education | Packaging |
| Cutlery & Handtools | Paints & Coatings |
| Electric Lamp Bulbs & Parts | Pest Control |
| Electrical Equipment & Services | Plastics, Films, Sheets & Bags |
| Environmental Services | Precision Engineered Components |
| Fertilizers & Pesticides | Psychological & Behavioral Health |
| Food Manufacturing & Distribution | Pumps & Compressors |
| Hardware | Security Products & Services |
| Healthcare Products & Services | Signs |
| HVAC & Refrigeration Equipment | Soaps & Cleaning Compounds |
| Industrial Machinery & Equipment | Specialty Foods |
| Industrial Supplies & Consumables | Tutoring & Test Preparation |
| Infrastructure-Related Businesses | Waste & Scrap Services |
| Laboratory Equipment, Supplies & Services | Utility-Related Services |

Build an Enduring Business
with Gardner Standard

Flexible Transaction Structure

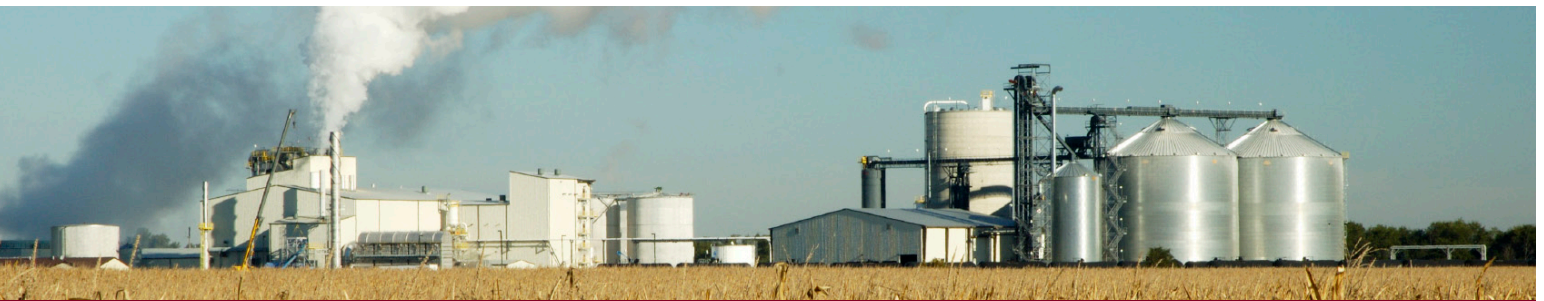
GARDNER STANDARD has the flexibility to work with owners in whatever form best fits their needs. The transaction structure largely depends on owners' personal needs and the needs of their business.

Traditional Sale: A traditional sale allows owners to sell all equity interests in their company. Owners interested in traditional sales frequently are planning to retire or pursue other activities.

Recapitalization: Owners sell the equity in their business, and then reinvest some of the proceeds in an equity stake of the recapitalized company. Recapitalizations are popular because they provide owners the best of both worlds: substantial personal liquidity and continuing ownership and involvement.

Substantial Minority Equity Investment: A substantial minority equity investment provides some liquidity while leaving owners with majority control of their company. Owners typically elect this transaction type either when: (1) the company needs additional capital but the owners cannot find reasonable debt financing; or (2) the owners want to partially cash out but also want to retain the majority of the company's upside.

Subordinated Debt with an Equity Component: Subordinated debt, or mezzanine financing, provides a company with needed capital. Owners interested in mezzanine financing often have a current capital need, but no access to bank financing for one reason or another.



GEOGRAPHIC & SIZE FOCUS

Gardner Standard is generally seeking companies matching the following criteria:

- › Headquartered in the U.S. or Canada
- › Established, healthy businesses
- › \$5 to \$50 million of sales
- › Opportunity for Gardner Standard to help create company value appreciation
- › Prefer companies likely to benefit from investment theme developed by Gardner Standard
- › Capable management team willing to invest alongside Gardner Standard

We believe the small middle-market offers many opportunities for attractive investments.

Gardner Standard primarily seeks to invest in companies located in the traditional Manufacturing Belt and Upper Midwest of the United States, as well as adjacent Canadian provinces.



Gardner Standard believes this region is home to many attractive small middle-market businesses that share our values and goals.

