Riverside

2009 Year in Review - Thriving, not just surviving

4,228
Deals Considered

1,315
Screening Memos

347
Company Visits

63
Letters of Intent Issued

15
Deals Closed

Riverside Deal Flow 2009

2009 Year in Review - Thriving, not just surviving

Riverside

Riverside didn't just survive in 2009, it thrived. Riverside achieved above-average results during a challenging year, including:

1. Completing **15** total acquisitions (**six** platforms and **nine** add-ons) and putting $200 million to work
2. Closing fundraising at **$1.17 billion** for Riverside Capital Appreciation Fund V, well above its $900 million target in a year that saw LBO fundraising decline 73% overall
3. Celebrating the **50th** deal exit in Riverside's 22-year history, which combined have generated a gross IRR of **55%** and a gross cash-on-cash return of **3.6x**
4. Increasing the value of its funds at an annual rate of **7%** despite unstable global markets
5. Exiting **four** platforms for a total equity gain of $305 million. Details of the exits include:

- **Nordco** - By leveraging company strengths following acquisition, generated a **31%** gross IRR and a **5.2x** gross cash-on-cash return
- **Hudson Sharp** - Completed two add-ons before selling to a strategic buyer
- **AIS Group** - Achieved EV/LTM EBITDA multiple of **7.6x**
- **ATI Enterprises** - During period of ownership overall revenues and EBITDA grew by **373%** and **522%**, respectively

All figures accurate as of December 31, 2009 unless otherwise stated.

Closed Riverside Capital Appreciation Fund V at $1.17 billion, well above its $900 million target

Our Company and Capabilities

The Riverside Company is a global private equity firm focused on acquiring leading small- and medium-sized businesses and partnering with strong management teams to enhance the success of its companies through acquisitions and organic growth.

Since its founding in 1988, the firm has invested in 225 transactions with a total enterprise value of over $5.2 billion. The investment portfolio in North America, Europe and Asia Pacific includes 70 companies with annual sales totalling $3.0 billion, EBITDA of $457 million and more than 13,000 employees. Riverside offers the resources to complete acquisitions smoothly – thanks to its more than $3.0 billion in assets under management, more than 180 professionals in 19 offices in 13 countries, and longstanding relationships with partner lenders.

The firm's investors include the world's leading pension funds, endowments, funds of funds, insurance companies and banks.

The Riverside Approach

People partner with The Riverside Company because they know that it will deliver. Riverside's investments succeed through a consistent approach that makes companies bigger and better. Key components of the approach include:

- A dedicated **Origination** team that works closely with intermediaries to quickly evaluate investment opportunities.
- A **Transaction** team that is committed throughout our investment and adept at unlocking the full potential of companies.
- **Operating** resources dedicated to optimizing the performance of portfolio companies' financials, management and production.
- A **Shared Global Resources** group, which not only supports the global Riverside team, but also facilitates pooling of resources within the portfolio and boosts results by carefully tracking portfolio performance to identify problem areas quickly.
- The Riverside **Toolkit** is available to work with each company's management team.
- Riverside **exits** investments after achieving shared goals for growth and value. Riverside produces long-term successes, helping generate consistently superior returns while leaving companies healthier and poised for continued growth.
- Throughout the process, Riverside **aligns** its interests with its partners' – Riverside employees are motivated by investing at least 5% of all the capital in its funds, and the firm distributes carried interest widely.

^ Crioestaminal

^ Tensator

Proud recipient of *Buyouts* magazine's "Buyout Firm of the Year" and *M&A Journal's* "Middle Market Private Equity Firm of the Year."

2009 Portfolio Review

^ **L-com**

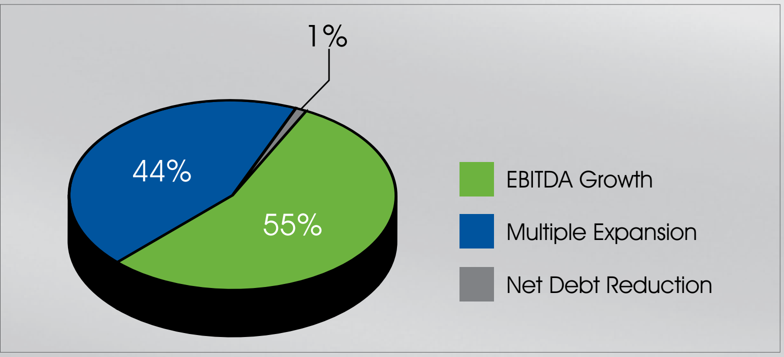
In 2009, The Riverside Company increased the value of its funds at an annual rate of 7% despite unstable global markets. Perhaps more importantly, Riverside stayed loyal to its unwavering commitment to its fundamentals - starting with a firm belief in building real and lasting value in its portfolio.

In partnership with management, Riverside seeks to grow its portfolio companies through increased capital expenditures, product expansion, increased research and development, and/or strategic add-on acquisitions. Riverside's global strength can help a company expand its market to a new continent, improve processes, open a manufacturing or distribution site in Asia or make countless other changes.

Complementing the Riverside team is the Riverside Toolkit, a vetted repository of professional resources available to any portfolio company. These expert firms can help implement lean manufacturing, improve sales and marketing, address accounting challenges, and boost productivity, among other areas of expertise.

Riverside typically avoids cyclical industries, and some of its areas of focus even proved advantageous in the downturn. In particular, the firm's education and training portfolio benefitted from many displaced workers returning to school or seeking retraining. Other portfolio companies that fared well did so thanks to tight expense controls and leadership in their respective niches.

While uncovering hidden value in its existing portfolio, Riverside continues to plan for its future. Recognizing that downturns have historically produced some of the best returns in private equity, the firm reviewed more than 4,200 deals during 2009 and found some tremendous values among the 15 acquisitions it made.



^ **Creating value across the portfolio**

"In the worst fundraising market since dinosaurs roamed the earth, investors voted with their dollars in favor of our simple and proven value creation strategy coupled with our demonstrated execution. While over the past five years many private equity firms competed to do bigger and more highly leveraged deals, we stuck to our knitting and found smaller crown jewel companies that could be acquired for fair value and then made bigger and better."
Stewart Kohl, Riverside Co-CEO

Investing with Riverside

With over $3.0 billion in capital under management, Riverside targets companies with enterprise values below $200 million. Since 2008, average platform enterprise value has been $40 million, and as such, Riverside tends to compete with much smaller regional or industry-specific firms. Like these firms, Riverside employs local nationals in each country who fully understand and engage in local markets. But unlike these firms, Riverside brings extensive global resources to small-company investing.

The approach has consistently borne fruit for investors and spurred fundraising:

- The Riverside Company closed its largest-ever fund well above target in 2009. Driven by interest from new and existing investors, Riverside Capital Appreciation Fund V ("RCAF V") closed on $1.17 billion – well above its $900 million target and 56% above the total raised in 2003 for the RCAF '03 vintage.
- According to Thomson Venture Economics, eight of Riverside's nine mature funds rank in the top 25% of all funds (as of September 30, 2009). Our investors include the world's leading pension funds, endowments, funds of funds, insurance companies and banks.

Riverside employs its strategy across four fund families, encompassing different investments, geographies and investment criteria, but sharing a common global strategy.

Riverside Capital Appreciation Fund (RCAF) traces its lineage to 1988. It invests in North American-based companies.

Riverside Europe Fund (REF) began making investments in 1997. This fund family invests in leading companies from Portugal to Scandinavia.

Riverside Micro-Cap Fund (RMCF) made its first investment in 2005. This fund family seeks fast-growing North American "micro" companies.

Riverside Asia Fund (RAF) was launched in 2007. This fund family targets the developed economies of Asia Pacific.

^ Monessen

^ ONI communications

> "It was certainly a challenging 2009, but we're pleased with Riverside's performance. It's especially gratifying to have sold four companies during this most difficult environment. Over the past 22 years, Riverside has returned over $2.0 billion to our investors while remaining true to our core strategy of focusing exclusively on the smaller end of the middle market."
>
> Béla Szigethy, Riverside Co-CEO

50 over 50

During 2009, Riverside exited its 50th investment in its 22-year history. This number is remarkable on its own for any LBO firm, but what really makes it stand out is that the cumulative gross IRR on all those exits is 55%. This figure clearly demonstrates how Riverside's steadfast approach generates success.

^ ATI Enterprises

Achieving such impressive returns over the course of so many exits involves consistent wins leading to consistently superior performance. These successful transactions start with our dedicated Origination team finding great opportunities. We then apply our considerable operating skills and exceptional resources to make the companies fundamentally stronger and larger. Throughout the process, the transacting team guides the investment. Riverside typically invests in firms with a comfortable niche in a growing market. Riverside builds on the strengths of its investments by improving management teams, providing capital necessary for growth, and offering the resources and knowhow that help the company move to a new level of excellence.

Riverside's 50th exit, ATI Enterprises, exemplifies this approach. Riverside used a variety of strategies and tactics to help the for-profit career education provider increase EBITDA 522% overall during a six-year hold period.

We're excited about what the next 50 exits will bring.

Our six-year hold of the 50th exit, ATI Enterprises, exemplifies our approach.

2009 Investments

Riverside's focus is to buy profitable, well-managed small- and medium-sized businesses that are market leaders in their niche. Riverside continues to hone its skills as a generalist acquirer while building specialisations in select areas such as healthcare and education and training.

As of December 31, 2009, Riverside's portfolio in North America, Europe and Asia Pacific includes 70 companies with annual sales totalling $3.0 billion, EBITDA of $457 million and more than 13,000 employees.

^ Kaul

Platform Acquisitions

Sencore, Inc.
USA
Acquired: January 2009
www.sencore.com

Sencore designs, manufactures and markets a broad suite of products serving multiple segments of the global video, audio and data transmission industries. The company provides products and services for communication transmission infrastructure for broadcast, cable, telecommunications and consumer A/V products.

Kaul GmbH
Germany
Acquired: September 2009
www.kaul.de

Kaul develops and manufactures premium polishing, anti-sticking and release agents used in the confectionary, agricultural and pharmaceutical industries. The company has a trademarked portfolio of over 250 market-leading products and sells in more than 60 countries.

FAIRPAY Solutions
USA
Acquired: September 2009
www.fairpaysolutions.com

FAIRPAY provides workers' compensation specialty medical bill review and auditing services, working with more than 1,000 payers to help them realize significant savings using proprietary data, processes, software and algorithms.

"The acquisition of Crioestaminal represents the first step of our plan to create a European leader in the collection, isolation and cryopreservation of umbilical cord stem cells. Expanding on the strong market position of Crioestaminal in Portugal and Spain, we are seeking to increase the group's international presence through acquisitions in different geographies and to diversify towards other services related to stem cells and genetic diagnostics."

Marcos Lladó, Riverside Partner

^ Precision Wire Components

Crioestaminal
Portugal
Acquired: September 2009
www.crioestaminal.pt

Crioestaminal is a pioneer and leader in Portugal in the isolation and cryopreservation of stem cells from umbilical cord blood. If necessary, these cells can be used by the family to treat future ailments since stem cells are the precursors to most specialized cells in the body and can be used to help treat a variety of illnesses.

Precision Wire Components
USA
Acquired: November 2009
www.pwcwire.com

Precision Wire Components designs and produces high precision medical guidewires and supporting components used in a wide variety of minimally invasive medical procedures.

PharmMD Solutions
USA
Acquired: November 2009
www.pharmmd.com

PharmMD is the leading medication therapy management provider in the U.S. The company reduces costs to patients and insurers, while improving patient outcomes by analyzing pharmacy and medical claims information and impacting clinical decision making.

"After completing more than 40 investments in healthcare, we have the experience to evaluate healthcare deals quickly, select the best opportunities, then use our operating skills to make companies quantitatively bigger and qualitatively better."
Pam Hendrickson, Riverside Chief Operating Officer

A Healthy Approach

^ Summit Medical

Riverside has completed more than 225 transactions over its 22-year history. While we've done deals in numerous different industries, that wealth of experience has given us particular skill in a handful of areas. In the past several years, we've developed dedicated teams to help us benefit from that experience.

Riverside's industry specializations include healthcare, education and training, and energy/cleantech, among other lines of business. This strategy allows us to benefit from our generalist approach while helping us capitalize on our deep experience in select industries. We've completed 41 healthcare transactions, which provide invaluable insights into the trends and possibilities in the field.

We began our efforts in earnest a few years ago, building a dedicated healthcare team, staffed by experts with decades of operating, deal sourcing and origination experience. Four of the six platform investments Riverside made in 2009 were in healthcare: Crioestaminal, FAIRPAY, Precision Wire Components and PharmMD Solutions.

These efforts supplement our generalist approach while providing unique benefits. The specialization approach makes Riverside stronger at every stage of a deal. Our familiarity with an industry makes us rapid and responsive buyers, able to evaluate deals quickly, determine a fair price, then hit the ground running as strong owners. Whether we're finding a deal no one else might have noticed, developing a company through connections and knowledge in an industry or understanding the best time to exit and finding the right buyer, Riverside's industry specialization initiatives provide a boost.

"We've been able to grow our companies organically and via acquisitions, adding value to our portfolio even in challenging economic times. Add-on acquisitions play a key role in making companies bigger and better by expanding along complementary verticals as well as along the same channels. They also allow platform companies to quickly expand their territorial reach and instantly boost customer bases."

Robert Landis, Riverside Partner of Origination, North America

2009 Investments

Add-on Acquisitions

The Horn Book
USA
Acquired: January 2009
Add-on to: Media Source Holdings
www.hbook.com

The Horn Book was founded in 1924 to herald the best in children's literature. The Horn Book Magazine and The Horn Book Guide are the most distinguished journals in the field of children's and young adult literature and the core of the company. In addition, the company produces The Horn Book Guide Online, a fully searchable database of more than 70,000 reviews, as well as Notes from the Horn Book, a monthly e-newsletter for parents.

Corbett Reporting
USA
Acquired: February 2009
Add-on to: Veritext
www.corbettreporting.com

Corbett Reporting performs various types of court reporting, from depositions to hearings.

KK MAOS
Japan
Acquired: March 2009
Add-on to: Shinsouki
www.maos.co.jp

KK MAOS operates a network of parking lots in metropolitan Tokyo that includes more than 5,000 spaces. The company also operates a vending machine placement business for use on its own lots as well as on other operators' lots.

Blendco Systems
USA
Acquired: March 2009
Add-on to: DuBois Chemicals
www.blendco.com

Blendco manufactures and supplies a full line of formulated detergents, polishes and protectants for the transportation cleaning industry, including the patented SuperSat® custom detergent system.

^ Shinsouki

^ DuBois Chemicals

"Partnering with Riverside was a great alternative to going public, and we liked that Riverside supported our long-term objective of becoming one of the big three within the industry. We believe that with Riverside's resources, we will be able to take advantage of the change the industry is facing, and grow aggressively to become a true leader in the industry."
Akihiko Masuda, KK MAOS Founder and CEO

^ EM Test

Dementia Care Specialists
USA
Acquired: May 2009
Add-on to: Crisis Prevention Institute
www.dementiacarespecialists.com

Dementia Care Specialists provides training and consulting focused on enhancing the function, safety and quality of life of individuals with Alzheimer's and related dementia. Founded in 1999, the company trains professional caregivers using company-developed methods and programs.

Siding Match
USA
Acquired: May 2009
Add-on to: ITEL Laboratories
www.sidingmatch.com

Siding Match is a residential siding testing service. Employing patented testing techniques, Siding Match identifies siding, determines availability and suggests the most similar repair option from all currently manufactured and stocks of discontinued siding.

Donlin, Recano & Company, Inc.
USA
Acquired: October 2009
Add-on to: D.F. King Worldwide
www.donlinrecano.com

DRC has worked with more than 200 clients in its more than 20-year history, customizing solutions that help clients prepare for a successful restructuring.

EMP Canada Services Ltd.
Canada
Acquired: December 2009
Add-on to: Health and Safety Institute

EMP publishes and presents CPR, EMT and occupational safety training materials and programs. It also has training centers in Canadian community colleges and works directly with trade associations and government agencies.

Lüthi Elektronik Feinmechanik AG
Switzerland
Acquired: December 2009
Add-on to: EM Test
www.luethi-ag.ch

Lüthi manufactures electromagnetic compatibility (EMC) test and measurement instrumentation for the automotive, industrial, telecom and other segments.

"We have carried on the founder's vision as promised, which pleases him, and more importantly, pleases our investors."
Volker Schmidt, Riverside Partner

Driven by Passion - The Teufel Story

Behind each of our acquisitions is a compelling story. It's usually a personal story, because people who entrust us with their businesses are often entrepreneurs. They may have spent decades building their businesses, and they are partnering with us to take something close to their heart to the next level.

Riverside adores these smaller enterprises because they have strong growth potential, and the sellers choose Riverside because we're focused on making their business bigger and better with proven techniques. We prefer sellers who stay involved and reinvest some of the equity of the deal back into the business – this provides us with a trusted and knowledgeable resource, and it provides the seller with incentive for making the deal as successful as possible.

Our 2006 acquisition of the German loudspeaker company Teufel is a great example. It was founded by a man who had a vision – to deliver high fidelity at prices that everyone could afford. As an engineer, he started it in his garage and spent many years to achieve his goal. His hard work made Teufel the #1 maker of loudspeakers systems in Germany. After all the hard work on the company, he was looking for a successor who could take Teufel to the next level while allowing him to stay involved as an engaged member of the board.

Through new product introduction, increased marketing activities, strengthening of international sales and a new ERP webshop, Riverside has guided Teufel into a strong 2009 performance. During the fourth quarter of 2009, consumer interest continued to be very strong, with web site traffic increasing at a rate of 34% above 2008 - representing 3.9 million total visits and 29.3 million page impressions.

Teufel sales and EBITDA have grown since acquisition at CAGRs of 28% and 30% respectively, and the company is continuing to develop new products and innovations.

Thanks in large part to Riverside's global resources, Teufel is now a pan-European company, poised for long-term success.

"Riverside has been a fantastic partner over the past six years. With Riverside's help, we have successfully diversified into additional strategic segments of the rail-services industry, seamlessly integrated four valuable acquisitions into the Nordco family, and grown our core market position."
Bruce Boczkiewicz, Nordco President and CEO

2009 Exit Highlights

Riverside's unwavering focus on the smaller end of the middle market has led to a proven buy-and-build strategy that maximizes potential for portfolio companies while creating wealth for sellers, partners and intermediaries. Riverside focuses on growing companies organically via new products, expanding markets by adding channels, enhancing international operations and improving processes. This consistent approach produces long-term successes, helping us generate consistently superior returns while leaving companies healthier and poised for continued growth upon exit.

Nordco, Inc.

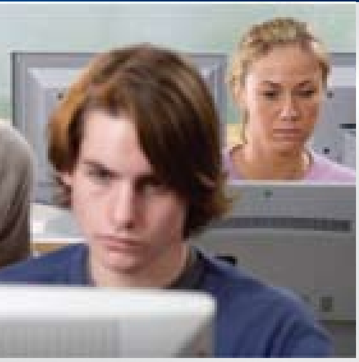
Acquired:	July 2003
Exited:	May 2009
Add-on Acquisitions:	JER Overhaul (September 2006)
	Dapco (March 2007)
	Shuttlewagon (April 2008)
Results:	**31% Gross IRR**
	5.2x Gross Cash-on-Cash Return

Ownership Highlights: After purchasing Nordco in 2003 in a management-backed buyout, Riverside assisted in the development of a strategic plan to leverage the company's strengths in the railroad maintenance-of-way equipment and service parts market while diversifying its product and service offerings. Riverside backed the launching of a "rebuild and repair" segment that achieved 36% CAGR during Riverside's ownership.

^ Nordco

"It's been wonderful to work with Riverside while making ATI into the premier company it is today. Riverside clearly believes in finding great people, then giving them resources and freedom to perform at their best. With Riverside, we've grown dramatically, and we are now poised for an even brighter future."

Arthur Benjamin, ATI President and CEO



^ ATI

AIS Group

Acquired:	December 2006
Exited:	August 2009
Add-on Acquisitions:	AICAT CA Technologies Consulting GmbH (June 2008)
Results:	112% Gross IRR
	4.8x Gross Cash-on-Cash Return

Ownership Highlights: AIS Group is an Austrian IT services provider for the automotive, aerospace and steel industries. During a three-year hold period, Riverside provided resources to complete a strategic add-on acquisition, augmented the AIS management team, transferred the company's focus from a product-oriented solution to a service-provider approach and broadened the customer base while expanding operations into the high-growth regions of China, India and Russia.

ATI Enterprises

Acquired:	April 2004
Exited:	December 2009
Add-on Acquisitions:	South Texas Vocational Technical Institute (February 2007)

Ownership Highlights: ATI was already growing nicely when Riverside acquired it in 2004, but that growth accelerated significantly under Riverside's ownership. During its nearly six-year ownership of the for-profit provider of vocational training, Riverside helped the company triple in size and increase its revenues and EBITDA by over 373% and 522%, respectively. Riverside and ATI broadened the company's course offerings and expanded its footprint from eight campuses with 2,300 students to a regional powerhouse with an expanding slate of 23 campuses and 15,500 students.

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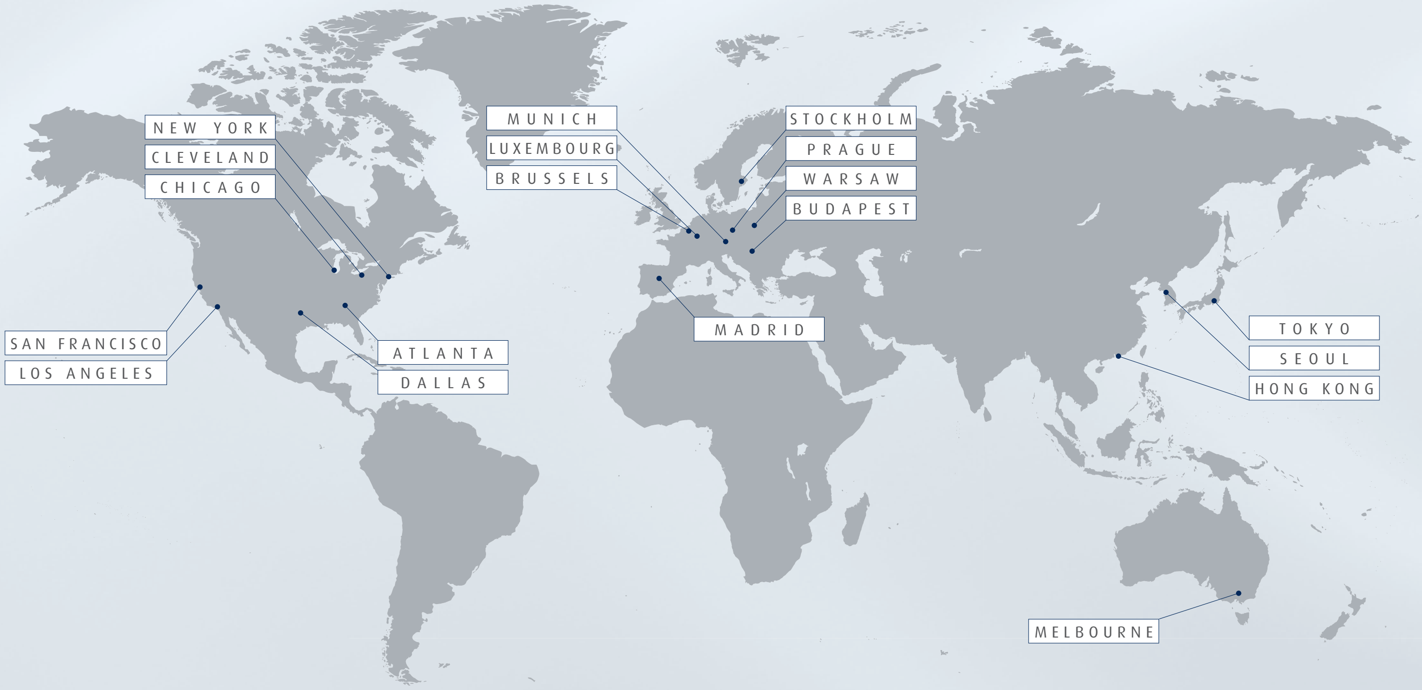
Office Locations

Riverside has 19 offices on four continents in 13 countries.



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