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Roark Capital Group Changing Perception of Private Equity, Bringing Trust and Respect to Franchise Companies

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ATLANTA – In only a few years, Roark Capital Group, an Atlanta-based private equity firm, has made significant headway in debunking many of the stereotypes associated with the private equity industry. To become the strategic partner of choice, Roark is working with the people behind the franchise brands to create long-term solutions by committing capital to expand systems while also providing liquidity and estate planning for owners.

As an increasing number of high-quality franchise companies seek ways to strengthen their brands and increase the number of successful franchise locations, many are gun-shy about entering the often misunderstood world of private equity for their needs. Roark is establishing a strong track record of supporting companies and building upon existing infrastructures and core brand integrity.

“Our goal is to be the preferred strategic partner and capital source for franchise companies by earning the trust of those with whom we do business,” said Neal Aronson, founder and managing partner of Roark Capital Group. “We abide by the highest ethical and moral standards while treating our management partners, franchisees, investors, lenders, and advisors, with dignity and respect, creating a long-term win-win proposition.”

A Foundation in Franchising

Prior to forming Roark, Aronson was a co-founder and CFO of U.S. Franchise Systems, Inc. (USFS), which began with 12 people, one brand and 22 open franchised hotels in nine states. Within five years, USFS became the 10th largest hotel franchise company in the U.S. with 200 people, three brands and 500 open franchised hotels in 49 states and five countries. After 14 years in the finance arena, Aronson started Roark.

Since its formation in 2001, Roark has completed purchases of six high-profile franchise businesses – Carvel, Money Mailer, FastSigns, Cinnabon, Seattle’s Best Coffee International, and McAlister’s Deli. Last year, Roark also acquired a majority interest in Pike Family Nurseries, the largest independent lawn and garden center in the Southeast and the third

largest in the nation. Combined, Roark's portfolio includes over 2,000 territories or locations, 1,100 franchisees and more than \$1.1 billion in system-wide sales. The company plans to double in size during the next five years.

Roark's niche is to invest in a portfolio of multi-unit and franchise companies with system-wide revenues ranging from \$20 million - \$1 billion. Investment criteria for franchise businesses include a significant level of regional awareness, high quality products or services, strong consumer loyalty, and at least 25 operating units or franchises. Whether the company has aspirations for growth or a desire for shareholder liquidity, Roark designs a plan that meets the company's needs on the executive, franchisee, and customer levels.

When Roark acquired Carvel in November 2001, the key focus was to improve store-level profitability of franchisees while at the same time enhancing the consumer experience. Roark invested money in marketing, advertising, customer service, franchisee support/training, new product development, store design, and innovative information systems. Fifty new people were hired at corporate to support these initiatives. Last year, Carvel signed 178 individual franchise agreements and opened 85 new locations. In addition, Carvel's supermarket division successfully expanded its go-to-market strategy, increasing distribution by 26 percent to serve more than 8,000 stores in 36 states.

In another example, when Roark purchased Money Mailer in 2003, the company was already very profitable, growing and well-managed – mailing 120 million envelopes to more than 16 million residential homes and servicing over 30,000 advertisers via a growing network of 250 franchisees in 36 states nationwide. Money Mailer's founder decided that he wanted to retire after 25 years in the business so that he could spend more time with his family and pursue his charitable interests. While he desired to achieve full liquidity, the former owner also was extremely interested in making sure his franchisees and hand-picked management team were going to be well taken care of. As part of Roark's acquisition, Money Mailer's CEO and his management team not only stayed in place, but their equity participation was increased materially. The transition went incredibly smooth.

What's In a Name?

Roark was named after architect Howard Roark, the protagonist in Ayn Rand's classic "The Fountainhead." Howard Roark refused to succumb to conventional wisdom while many of his peers altered their architectural designs to follow the latest trend and gain fleeting notoriety.

The book concludes with the former architectural elite exposed as frauds, and Roark revealed as a true visionary with unwavering commitment to integrity.

Rather than investing in the latest fad and looking for a quick exit, Roark seeks opportunities to support the long-term growth of businesses through strategic oversight and additional capital investment. Having actually operated franchise businesses, the partner's at Roark appreciate the challenges of managing a growing franchise system and actively support their portfolio companies and its management partners in good times and bad.

About Roark Capital Group

Roark Capital Group is an Atlanta-based private equity firm that acquires majority positions in franchise, financial services, niche manufacturing, and service businesses. Roark also targets family-owned businesses in the Southeast. The firm, with more than \$560 million of equity capital under management, specializes in companies with attractive growth prospects and revenues ranging from \$20 million to \$1.0 billion. For more information about Roark Capital Group, please visit www.roarkcapital.com.

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