

POTOMAC

EQUITY PARTNERS



Our Firm

Potomac Equity Partners is a Washington D.C.-based private equity investment firm focused on providing superior equity returns through the close partnership and collaboration with our portfolio company management team members.

We strive to invest in companies with leading products and services, superior management teams, and in which our invested capital and collaborative efforts can enable companies to exponentially ramp their long-term growth prospects and overall performance.

We have assembled an esteemed group of Advisory Partners to work with our Firm and our portfolio companies, whose operating expertise, board acumen, and financial support will assist our portfolio companies to achieve their long-term potential for the benefit of all shareholders.

Our Investment Philosophy

We believe in forming strong partnerships with the management teams with whom we invest. Our success is ultimately derived from these partnerships, and from our collective ability to work together to create incremental value for all of us as shareholders.

We believe in the strong alignment of interests with our portfolio companies, and for this reason we require each of our Potomac Equity team members to invest their personal funds in each transaction that we complete.

We actively seek to create shareholder value by capitalizing on growth opportunities. In most of our prior investments, we have focused both on organic growth initiatives (such as expanding a company's product/service offerings), and also have actively sought add-on acquisition opportunities in order to capitalize on the expertise of our management partners.

We expect most of our investor returns to be derived from the successful realization of growth opportunities and operational improvements, rather than financial engineering. While we typically utilize some amount of leverage in our transactions, we intend for the leverage to be modest so that we do not prohibit our companies from aggressively pursuing growth opportunities.

We conduct ourselves with the utmost integrity, treat our partners with respect and fairness, and expect our partners to do the same.

Forming Collaborative Partnerships with Growth Companies

INVESTMENT CRITERIA

INVESTMENT SIZE:

Small to mid-market investment opportunities: transactions with enterprise values from \$10 million to \$150 million

INITIAL PROFITABILITY CRITERIA:

\$2-15+ million

BUSINESS LOCATION:

North America

OWNERSHIP:

We typically focus on control transactions with the opportunity to acquire 51% or greater ownership

CONTACT INFORMATION

Investment opportunities, operating executive introductions, and general inquiries should be addressed to:

JOHN BATES

Founder and Partner
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CHRIS BLYTHE

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Investment Sector Focus

While open to investment opportunities in a variety of industries, we specifically target opportunities in the following sectors:

- Business Services
- Education and Training
- Healthcare
- Information Services
- Software and Technology

Our Capital

Our Firm is inherently different from most traditional private equity firms. We combine the sophistication of a best-in-class institutional investor with the long-term orientation and flexible capital base of a family investment firm to meet the unique needs of each portfolio company. We bring committed third party equity capital to each investment opportunity that we pursue. Our network of investor partners includes family offices, fund-of-funds, insurance companies, and high net worth individuals.

In addition, each member of our Potomac Equity team personally invests in every one of our investments as a sign of commitment and a “we are in this partnership together” attitude.

Transaction and Operating Executive Sourcing

We are actively seeking potential investment opportunities, as well as senior operating executives and management teams with whom to partner. We will pay a success-based fee for all investments completed with the assistance of buy-side transaction intermediaries.

We promise confidentiality, fair consideration and a prompt review of all opportunities.

EXPERIENCED TEAM

JOHN BATES

Founder and Partner

John is the Founder and a Partner of the Firm. John has over 25 years of investment transaction experience, and has completed in excess of \$100 billion of transactions in a wide range of industries.

Prior to founding Potomac Equity, John was a Partner and Member of the Investment Committee of Arlington Capital Partners, a middle market private equity fund with \$1.5 billion under management. Over John's twelve years at Arlington, he completed 18 transactions in the education, healthcare, information services, software and technology sectors. Before joining Arlington, John was a Vice President in the Mergers and Acquisitions Group at Lehman Brothers, where he executed numerous noteworthy M&A and corporate finance transactions. John started his business career at Price Waterhouse.

John holds an M.B.A. degree and is a Director's List recipient from the Wharton School of Business at the University of Pennsylvania. He is also a graduate of Princeton University.

CHRIS BLYTHE

Partner

Chris is a Partner of the Firm with over 20 years of investment transaction experience.

Prior to joining Potomac Equity, Chris was a Vice President with Brockway Moran & Partners, a middle market investment firm with over \$1.3 billion under management. During his tenure at Brockway Moran & Partners, Chris accumulated significant experience in the business services and consumer sectors, and served on Boards of multiple companies. Prior to Brockway Moran & Partners, Chris was an Associate with the investment firm Willis Stein & Partners. Chris began his career with the middle-market investment banking firm Harris Williams & Co.

Chris holds an M.B.A. degree from the Darden School at the University of Virginia. He is also a Phi Beta Kappa graduate of Washington & Lee University.

PASCAL DENIS

Principal

Pascal is a Principal of the Firm with over 15 years of investment transaction experience.

Prior to joining Potomac Equity, Pascal was a Vice President with Audax Group, a Boston-based middle market investment firm with over \$5 billion under management. During his seven years at Audax Group, Pascal completed 22 transactions in the business services, education, and information services sectors, as well as in the distribution and manufacturing industries. Before joining Audax Group in 2006, Pascal was part of Credit Suisse's Healthcare Investment Banking Group, where he focused on M&A and capital markets financings.

Pascal has a B.A. degree with honors from Brown University.

ADVISORY PARTNERS

ROBERT CHRISTIE

Bob is an Advisory Partner of the Firm. Bob is the former CEO/President of 3E Company, the global leader in regulatory and compliance information within the Environmental, Health and Safety markets. Bob formerly was the CEO/President of Thomson Learning; at Thomson, he transformed the domestic book publisher into the second largest global learning company, increasing its revenues from \$550 million to over \$3 billion through organic growth and acquisitions. Bob also formerly was the CEO of Thomson & Thomson (the world's leader in trademark and copyright services and information), and the President of McGraw-Hill Higher Education.

TONY COELHO

Tony is an Advisory Partner of the Firm. Previously, Tony was the CEO/President of the New York investment management company Wertheim Schroder Investment Services, and CEO of education technology company ETC w/tci. Tony was also elected as the House Majority Whip of the U.S. Congress, served as a U.S. Congressman for six terms, and was the Chairman of Vice President Albert Gore's 2000 campaign for U.S. President.

PETER MASANOTTI

Peter is an Advisory Partner of the Firm. Peter is the former CEO and President of U.S. Investigations Services, the largest commercial provider of background investigations to the federal government. Before U.S. Investigations Services, Peter was the CEO and President of MedQuist, the publicly traded healthcare information technology company with 14,000 global employees. Prior to MedQuist, Peter was a Managing Director and the Global Head of Business Process Outsourcing at Deutsche Bank. Peter was also previously the COO and Executive Vice President of OfficeTiger, a judgment-based knowledge process outsourcing firm, servicing financial institutions and Fortune 500 corporations.

MICHAEL PLATT

Michael is an Advisory Partner of the Firm. Michael is the former Founder, Executive Chairman, and CEO of Ad Venture Interactive, a leading provider of interactive and other marketing services to numerous industry sectors. Under Michael's leadership, Ad Venture grew from start-up to approximately \$150 million in revenue. Michael is also the Publisher of Career College Central, the former Chairman of the Imagine America Foundation, and the Co-founder of Professional Fitness Institute and Fitness-Health-Wellness. Michael was previously awarded the Ernst & Young Entrepreneur of the Year award in the Business Services category.

RAY SMITH

Ray is an Advisory Partner of the Firm. Ray is currently the Chairman of Rothschild Continuation Investments, the leading European investment house. Ray was a Founding Partner and Chairman of the Executive Committee of Arlington Capital Partners, the middle market private equity firm with \$1.5 billion under management. Ray previously was the CEO and Chairman of Bell Atlantic (the predecessor company to Verizon Communications); over his career at Bell Atlantic (including ten years as the CEO), Ray built the company to become the largest communications company in the U.S.