

A banner image with a dark green background on the left and a blue sky with white clouds on the right. The text 'THE RIGHT SOLUTION for troubled and underperforming companies' is written in white, bold, sans-serif font across the top of the banner.

THE RIGHT SOLUTION for troubled and underperforming companies

About Synergy

Synergy Enterprises, LLC is a private investment and management advisory services firm headquartered in Colts Neck, New Jersey. The firm was founded by Chairman and CEO, Gary A. Nacht, a 20-year veteran of corporate acquisitions and turnarounds who previously enjoyed a highly successful nine-year relationship with York Management Services, Inc., where he played a leading role in the acquisitions of Kmart Canada Ltd., Strauss Discount Auto, Cosmetic Centers, Gemini Industries and Northern Group.

Leveraging a wealth of collective experience and access to senior management and decision-makers at the highest levels of North American and European capital and marketing institutions, Synergy Enterprises focuses on direct acquisitions of, or management consulting arrangements with, distressed or underperforming companies.

While the firm's activities primarily involve turnaround situations with companies in the consumer products and retail industries, Synergy's professionals have worked across industry sectors, with organizations of all sizes, in various stages of their growth cycle. Synergy brings to bear a unique blend of analytical skills, management experience and proven business judgment in fostering significant growth and creating substantial long-term value in acquired or partner companies.

Deal Sources

Synergy's acquisition opportunities come from a diversity of sources:

- Public and private owners of under-performing divisions or subsidiaries
- Bankers
- Business brokers
- Public and private equity funds
- Institutional equity and mezzanine funds
- Accounting professionals
- Legal professionals
- Bankruptcy advisors

To encourage parties to introduce acquisition opportunities to the firm, Synergy provides quick feedback and generous compensation. Synergy is dedicated to expanding our business network and we invite anyone interested in presenting attractive acquisition opportunities to [contact us](#).

Our Process

From due diligence to executing on a comprehensive post-acquisition strategic plan, Synergy Enterprises has developed a thorough investment process that underpins its success.

Selection

To support our successful track record, Synergy pursues acquisition opportunities based on a variety of criteria:

History of Success

Synergy looks for companies with a prior history of positive earnings and cash flows. Our focus is on retail, distribution and select manufacturing businesses that are well positioned in their industries. These are typically subsidiaries or divisions of parent companies that are under-performing or out of sync with the strategic vision of the overall enterprise.

Liquidity

We create a capital structure to provide the distressed company ample time to complete its turnaround and thrive. In addition to providing its own capital resources, Synergy relies on years of experience in the financial markets to achieve these results, with acquisition-related funding and commitments in excess of \$1 billion.

Standout Management

Long-term success and leadership go hand-in-hand. That's why Synergy looks for and rewards proven management. Our incentive-based compensation and stock option programs serve to motivate management by aligning their goals with ours. The future of the company depends on its people, and Synergy is always there to support talented leaders and managers.

Cooperative Environment

At Synergy, we only acquire businesses on a friendly basis. Everything we do at Synergy is backed by the highest level of integrity, discretion and professionalism.

Long-term Rewards

Synergy is focused on maximizing value for the long term. We don't create artificial timelines or mandated exit strategies. All decisions are made with input from our financial partners and management team. This insures that our employees, customers, suppliers and shareholders benefit both now and in the future.

Platform Opportunities

With proper leadership and resources, acquisition candidates, particularly in fragmented industries, can also serve as platform companies for future acquisitions and deliver significant revenue growth and economies of scale.

Investment Steps

Our investment process can be condensed into the following key steps:

Step One: Team Building – Once a potential investment opportunity is identified, Synergy works closely with senior management of the company, initially through working groups within the organization. Together, Synergy and the management working team outline viable goals and the milestones that will need to be met in order to achieve a successful closing in the shortest possible time.

Step Two: Due Diligence – Ultimate success in the acquisition process is contingent to a significant degree on the quality of the due diligence process. From on and off-site visits conducted with management team members, to a comprehensive analysis of financial and operating data, to intensive market and peer group research, Synergy's due diligence process is designed to thoroughly understand a company and its strategy, performance and prospects. Our research serves as a strong foundation for our actions throughout the rest of the investment process and post-acquisition ownership.

Step Three: Valuation and Deal Structure – During due diligence, the Synergy team formulates the following:

- Identification of key issues and opportunities
- Proposed range of values for the acquisition
- Proposed transaction structure
- Proposed timetable to complete the acquisition
- Draft Transaction Documents
- Post-Acquisition Business Plan

Following the closing, and working in partnership with management and other advisors, Synergy Enterprises moves rapidly to initiate the strategic business plans developed earlier in the investment process. The firm works to meet projected operating and financial goals, grow and develop the acquired company's businesses and achieve sustainable, value-creating turnaround.

Success

Selected Investments

Marshaling a broad array of analytical skills, financial and operational expertise, and crisis management experience, Synergy Enterprises, its principals and advisors have a strong track record of working with companies to build significant value. Our investment activities primarily focus on the retail and consumer products industries, where we have acquired diverse companies, ranging in size from \$100 million to \$1 billion in annual revenue.

GPX, Inc.

In April 2004, Synergy acquired GPX, Inc. (2003 sales: \$150 million) from Hagemeyer N.V., one of the world's leading trading companies. Headquartered in St. Louis, MO since its founding over 30 years ago, GPX offers one of the most comprehensive consumer audio and video electronic product portfolios available on the market, including home music systems, portable CD and MP3 players, DVD systems, direct view and LCD televisions, AM/FM radios and digital audio devices, all marketed under the GPX® brand, and has recently added the XM® and Alienware® brands. Since the acquisition, Synergy has worked with management to refocus the company's sales, marketing and product development initiatives, implement productivity improvements and better integrate its U.S. and overseas operations in Hong Kong, Buji and Zhong Shan. As a result of these actions, the company has posted solid sales and profit growth and is continuing to expand its customer base, which now includes the nation's leading mass merchants, specialty retail stores, variety and drug chains, distributors and home shopping networks, as well as direct mail and premium accounts. (www.gpx.com)

The Northern Group

In September 2001, Mr. Nacht was a lead principal in acquiring The Northern Group (estimated FY03 sales: \$230 million) from Foot Locker, Inc. (NYSE: Z). In business since 1985, Northern is a leading specialty apparel retailer currently operating in 285 prime locations across Canada under the Northern Reflections, Northern Traditions and Northern Getaway banners. The Company's 350,000 square-foot owned distribution center also services all of Foot Locker's Canadian retail stores (Foot Locker and Champs), and operates a foreign purchasing office in Taipei. After the acquisition, the company achieved a highly successful closure of its unprofitable 60+ store menswear chain which operated under the Northern Elements banner, realizing a net gain on liquidation. Due to its achievements in utilizing technology to maximize store-level profitability, Northern Group was one of five companies named in Business Week's November 2003 "WebSmart 50" issue (along with BMW, Harrah's, Stop and Shop and Wells Fargo). The Northern Group is headquartered in Toronto, Ontario. (www.northernreflections.com)

Gemini Industries, Inc.

In June 2000, Mr. Nacht was a lead principal in the acquisition of Gemini Industries (estimated FY03 sales: \$200 million) from Merrill Lynch Capital Partners. Headquartered in Clifton, NJ since its founding in 1964, Gemini is a leading retail distributor of electronic

accessory products that connect and integrate consumer electronics and communications components/devices. Gemini sells over 1,800 products comprising a full assortment of consumer electronics accessories including headphones, antennas, audio/video cables, surge protectors, telephone accessories and CD media under several prominent brand names including Philips®, Magnavox®, Zenith®, Southwestern Bell® and Wiley Publishing's "- for Dummies®" brand. Gemini's primary customers include mass merchant, discount and specialty retailers such as Wal-Mart, Kmart, Target, Sears, Best Buy, Circuit City, Menards, Lowes, TruServ and CVS. Most recently, the enterprise expanded its global reach to the U.K. In September 2004, Gemini was acquired by Royal Philips Electronics (Amsterdam, The Netherlands). (www.gemini-usa.com)

Strauss Discount Auto

In May 1998, Mr. Nacht was a lead principal in the acquisition of Strauss Discount Auto chain from Merrill Lynch Capital Partners (1998 sales: \$175 million). Following a strategic bankruptcy filing in June 1998, the company's operations were significantly improved, including double digit comp-store growth, creating substantial value and permitting the company to be sold to a strategic buyer and emerge from bankruptcy in April 2000.

Kmart Canada

In June 1997, Mr. Nacht was a lead principal in an investor group including Koch Industries (the second largest privately-owned company in the U.S.) and Caisse de Depot et Placement de Quebec (the leading public fund manager in Canada) in the acquisition of Ontario-based Kmart Canada. In 1997, Kmart's Canadian portfolio of 122 owned and leased stores, shopping centers and distribution centers generated sales of C\$1.2 billion. The company was subsequently sold to Hudson's Bay, generating a gain in excess of \$100 million and a 450% return to the investors.

Consolidated Freightways

From February to July 1996, Mr. Nacht led an evaluation of this company's \$2.1 billion unionized motor freight division, including financing, insurance and strategic business planning. In August, 1996, the company completed a highly successful spin-off of this subsidiary to its shareholders.

Our People

Each of the senior investment professionals and advisors of Synergy Enterprises has years of experience in building value through effective corporate turnarounds. Through decades of work across multiple industries and situations with companies of all sizes, they enjoy access to senior management and decision-makers at the highest levels of North American and European capital and marketing institutions.

Gary A. Nacht – Chairman and CEO

Gary A. Nacht currently serves as Chairman and CEO of Synergy Enterprises. Previously with York Management Services, Inc., Mr. Nacht has 20 years of experience in sourcing and leading the acquisitions, strategic planning, financing and turnarounds of multiple underperforming companies ranging from \$100 million to over \$1 billion in annual sales. He has played a leading role in the acquisitions of such companies as GPX, Inc., Northern Group, Gemini Industries, Strauss Discount Auto, Cosmetic Centers and Kmart Canada.

In addition to his responsibilities at Synergy, Mr. Nacht currently serves as Chairman of GPX, Inc., Vice Chairman of Northern Group Retail Ltd., and is a member of the Special Assets Advisory Board of Republic Financial Corporation, a Denver-based financial services firm.

Mr. Nacht is a graduate of the Wharton School of Business at the University of Pennsylvania, and is a Certified Public Accountant.

Michael Stanek – Executive Vice President and Director

Michael Stanek is a highly accomplished financial executive bringing more than 12 years of diverse experience in retail, accounting and finance to the Synergy organization. In April 2001, Michael assumed the lead role in performing acquisition due diligence and financial modeling for Synergy in connection its purchase of Northern Group Retail Ltd., where he now serves as Chief Financial Officer. His accomplishments included successful turnarounds at several companies during which time he was instrumental in raising in excess of US\$200 million of debt financing. Michael has also served in key financial roles at Double Day Inc, and the law firm of Corey J. Hogan and Associates. Michael received his B.S. in Accounting from the Rochester Institute of Technology (1990), acquired his CPA license (NY) in 1993. Michael is a member of the GPX Board of Directors.

Advisory Board Members

William L. Fetter – Advisory Board Member

Bill Fetter joined GPX, Inc. (a Synergy-owned company) in March of 2003 as President and Chief Executive Officer. Bill has over 25 years of consumer electronics, business-to-business and retail experience from a variety of industry leading companies. Prior to his role at GPX, he was responsible for and instrumental in the retail launch of Sprint PCS with major retailers across the United States. He assisted in the company growth from start-up to becoming a leader in the wireless phone industry. During his five-year tenure with the company, his division grew sales from zero to over three billion dollars in annual revenue. Fetter graduated with a Masters degree in Business from Central Michigan University and received his Bachelors degree in business from the Ohio State University.

Louise Collict - Advisory Board Member

Louise joins the Synergy Advisory Board as a seasoned executive with strong leadership skills and a proven track record of delivering sales and profitable results. She has excelled at developing and implementing strategic business and operating plans for complicated wholesale and retail businesses, and has served in wide-ranging senior management retail roles as well as leadership of large cross-functional buying teams. Louise joined Northern Group Retail Ltd. (a Synergy-owned company) as President in April 2003 after a successful career at Liz Claiborne Canada which she joined in 1998 as Vice President of Sales and was promoted to President in 2001. Prior to Liz Claiborne, Louise served in progressive buying roles at Eatons, attaining the role of divisional General Merchandise Manager in 1998. Louise received her Bachelor of Arts – Economics and Political Science (with Honors) from the University of Toronto in 1983.

William Pelafas – Advisory Board Member

Bill Pelafas joined GPX, Inc. (a Synergy-owned company) in April 2004 as Chief Operating Officer, and in September 2004 was promoted to the additional role of President. Bill's areas of expertise include finance, accounting, operations, manufacturing, worldwide sourcing and logistics. Bill served as Senior Vice President and Chief Financial Officer of Aladdin's Castle, Inc. (NCI) in Bensenville, IL, a \$120 million business in the amusement industry, where he was responsible for all financial, MIS and human resource functions. Bill was promoted to Executive Vice President and Chief Operating Officer. Bill has also served as Chief Financial Officer of Groen Division of Dover Industries and as Vice President of Finance and Administration at Bally Coin-Op Division of Bally Manufacturing Corp. Bill's executive leadership includes over 11 years with Sunbeam Corporation rising from worldwide corporate staff accountant to Vice President of Finance and Interim Vice President and Manufacturing.

Terry Talley – Advisory Board Director

With close to forty years in all aspects of the retail industry, Terry Talley served at Foot Locker (formerly known as Venator and FW Woolworth before that) from February 1997 through April 2004 in several key senior executive positions including: Foot Locker Europe - Chief Operating Officer, where Terry located, built and opened 75 stores in seven countries, developed \$9 million expansion of distribution center, managed Human Resources, Distribution Centers, Finance, Information Systems, Real Estate, Store Operations and Legal. Previously, Terry served at May Department Stores in various executive roles, including Senior Vice President – Finance (Robinson's), Senior Vice President and Chief Financial Officer (Foley's), and ultimately Senior Vice President and CFO of May. Terry received his degree in Accounting and Business Administration from the University of Minnesota in 1971 and resides in Dallas, TX.

Our Philosophy

Our Investment Approach

When it comes to acquisition candidates, Synergy Enterprises looks for distressed and underperforming companies with a prior history of positive earnings and cash flows. Our focus is on retail, distribution and select manufacturing businesses that are well positioned in their industries.

The companies we consider for acquisition are typically non-core subsidiaries or operating divisions of parent companies – either privately-held or publicly traded – that are underperforming, or no longer a fit within the broader strategic framework of the parent company.

Utilizing unparalleled expertise across virtually every aspect of turnaround management – including industry-specific strengths and in-depth knowledge and experience in retail operations, branding and distribution – Synergy Enterprises combines extensive financial restructuring and hands-on operating experience to transform its platform companies into industry leaders.

Synergy's investment approach is based on the following:

Commitment To Working In Partnership With Management – An effective, value-building turnaround requires all parties involved to work in close concert with one another. Synergy prides itself on working in close partnership with management teams both throughout the due diligence process and post-acquisition basis. As a rule, we only acquire companies on a friendly basis. In addition, we believe in compensating management so that our goals are consistently aligned by developing incentive-based and stock option programs that reward performance as objectives are met.

Liquidity – For any company, the right capital structure is critical for future success. For all of our platform companies, we provide a capital structure that includes appropriate levels of liquidity both during and after a turnaround. We are strong believers in flexible yet prudent financing that provides sufficient latitude to cover unexpected shortfalls in working capital, while continuing to make necessary capital investments. We have a strong track record to showcase in this area, with aggregate funding commitments approaching \$1 billion over the last ten years.

Discretion And Sensitivity – The challenges inherent in managing an effective turnaround require more than just attention to the financial and operational restructuring efforts – a deep understanding of the sensitivities involved is also critical. We at Synergy pride ourselves on conducting our transactions and pursuing turnaround activities with a maximum level of discretion.

Flexibility And A Focus On Rapid Results – Importantly, Synergy has a demonstrated track record of flexibility in structuring its transactions to accommodate a diversity of tax and financial reporting requirements. At the same time, the firm is focused on aligning the

capabilities it brings to bear on each transaction and turnaround situation to produce rapid, value-creating results.

Long-Term Focus – We are patient investors focused on maximizing value over the long term. We do not engage in acquisitions with mandatory exit timetables. We make exit decisions in concert with management and our financial partners.

Contact

Synergy Enterprises brings business leaders together. With unparalleled energy, resources and strategy, we help under-performing companies reach their potential. It is in creating opportunity that we create success. And with this as our pursuit, we are always eager to find those Senior Executives and Business Owners that share our drive to make things happen. To find out more or to arrange a meeting with a Synergy representative, contact us today. We look forward to speaking with you.

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