

Press Release

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BRENTWOOD ASSOCIATES ANNOUNCES SALE OF PAPER SOURCE, INC.

LOS ANGELES – SEPTEMBER 24, 2013 – Brentwood Associates (“Brentwood”), a consumer-focused private equity investment firm, announced it has completed the sale of Paper Source, Inc. (“Paper Source”), a vertically-integrated, multi-channel retailer of high-quality stationery, gifts, and crafting supplies. Brentwood sold Paper Source to Investcorp, a New-York based alternative investment management firm. Terms of the transaction were not disclosed.

After acquiring Paper Source, Brentwood assembled a highly talented senior management team, led by Chief Executive Officer, Sally Pofcher, to leverage the strength of Paper Source’s differentiated retail model and execute an aggressive growth strategy. Under Brentwood’s ownership, Paper Source expanded its geographic footprint significantly, increasing its store count from 21 in 2007 to 73 currently (80 by year end), located across 23 diverse states coast-to-coast. The company also dramatically grew its direct-to-consumer business by expanding catalog marketing, revamping the website and implementing innovative e-commerce marketing strategies.

Roger Goddu, Partner at Brentwood, commented, “The Paper Source management team has achieved a tremendous amount of success in executing the company’s growth strategy, having tripled sales and increased profitability ten-fold during our ownership period. This team has made significant improvements to Paper Source’s in-store and online customer experience, and has been steadfast in their commitment to keep Paper Source a unique, fun, and interesting place to shop. Importantly, the team has also created a solid operational foundation to support rapid future growth of the company.”

Steve Moore, Partner at Brentwood, added, “Paper Source has curated a unique and largely proprietary product offering which has resonated well with the company’s loyal customer base. As Paper Source continues to offer its customers a highly engaging, multi-channel customer experience, we believe the company is well positioned to continue generating impressive financial results under new ownership.”

“Brentwood has been a great partner over the last six years, having supported the company with not only growth capital, but also significant resources to facilitate our store expansion and multi-channel marketing strategies,” commented CEO, Sally Pofcher. “With Brentwood’s help, Paper Source has developed a national footprint, while still providing a hands-on store experience that our loyal customers have grown to love.”

North Point Advisors LLC and Financo acted as financial advisors, and Kirkland & Ellis LLP acted as legal counsel to Paper Source in connection with the transaction.

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Paper Source, Inc.

Paper Source (www.paper-source.com), based in Chicago, Illinois, is a leading multi-channel retailer of a wide selection of unique paper products in distinctive colors and formats. The company sells specialty paper, invitations, stationery, envelopes, greeting cards, albums, crafting tools, gifts and novelties through its company-owned retail stores. Paper Source has 73 stores across 23 states and the District of Columbia. The company also has a direct-to-consumer business (catalog and e-commerce), and a wholesale business with over 1,000 accounts.

Brentwood Associates

Brentwood Associates is a leading consumer-focused private equity investment firm with over \$850 million of capital under management and a thirty-year history of investing in leading middle-market growth companies. Brentwood focuses on investments in growing businesses where it is able to leverage its extensive experience in areas such as: branded consumer products; restaurants; and specialty retail. Since 1984, Brentwood's dedicated private equity team has invested in 42 portfolio companies with an aggregate transaction value of over \$5 billion. With significant experience in both investing and brand building, Brentwood is a value-added partner with entrepreneurs and executives building world-class companies. For more information about Brentwood, please visit www.brentwood.com.