STERLING
INVESTMENT PARTNERS

NEWS RELEASE

Counting Inventory Pays Off for Equity Firm

Wednesday, May 12, 2005
By Richard Lee, Assistant Business Editor

A Westport private equity firm has sold a San Diego-based holding that it built into an international business in only four years of majority ownership. Sterling Investment Partners, LP, which makes a policy of owning a business from four to seven years, sold Washington Inventory Service in San Diego to Western Inventory Service of Toronto, Canada, a portfolio company of ONCAP LP, a Toronto private equity firm.

Washington Inventory and Western Inventory Service supply counting services to retailers with inventory and asset management needs. Wal-Mart, Target, Dollar General, Albertsons, Walgreen, Rite Aid, JC Penney, Jo-Ann stores, Gap, Sunoco and Safeway are among Washington Inventory's clients, said Charles Santoro, a managing partner of Sterling and a Greenwich resident. "It was a very successful investment for us. We made a very good return on our investment," Santoro said. "We took the business overseas and it became international. We bought the company in November 2000. This was a typical holding period for us - four to seven years."

Founded in 1953, Washington Inventory has nearly 13,000 employees at 150 global offices, serving companies in China, the United Kingdom, Japan and Latin America.

Sterling's strategy has apparently paid dividends for its investors. Its compounded rate of return on invested capital has been more than 50 percent per year since 1992.

Founded in 1991, Sterling and its predecessor have completed investments and strategic or add-on acquisitions, representing more than 45 companies, with a transaction value of about $3.5 billion. Sterling emphasizes a broad portfolio, investing in professional and business services, manufacturing, transportation and logistics, and technology businesses. Its involvement made Washington Inventory a stronger company with expanded capacity in key strategic channels, said Edward Tonkon II, president and chief executive officer of Washington Inventory.

Private equity firms such as Sterling flourish or fail based on their investment record, said Roger Aguinaldo, chief executive officer and publisher of the M&A Advisor, a publication covering the merger and acquisition profession. Typically, they hold onto an investment for five to seven years before selling to provide a return to investors, most of which are institutional. "They've got to perform if they want to stay in business," Aguinaldo said. Most successful private equity firms return to their previous investors when they create subsequent investment funds.

www.sterlinglp.com | 203.226.8711 285 Riverside Avenue, Suite 300, Westport, CT 06880