



## PHAROS CAPITAL GROUP – EXECUTIVE OVERVIEW

**Firm Overview:** Based in Dallas and Nashville, Pharos Capital Group has invested \$436 million in 43 companies through three private equity funds. Pharos typically takes \$10-\$30 million equity positions in middle market growth companies seeking later stage equity funding for internal growth, acquisitions, leveraged buyouts, management buyouts, or recapitalizations across industry sectors, with particular focus on healthcare, business services, and opportunistic investments.

**History/Management Team:** The Managing Partners of Pharos are Kneeland Youngblood, Bob Crants, and Michael Devlin. In 1998, Messrs. Youngblood, Crants, and Devlin founded Pharos. Each of the six most senior investment professionals at Pharos average more than 16 years of private equity investing experience.

<b>Kneeland Youngblood</b> <b>kyoungblood@pharosfunds.com</b>	<b>D. Robert Crants</b> <b>bcrants@pharosfunds.com</b>	<b>Michael Devlin</b> <b>mdevlin@pharosfunds.com</b>
<ul style="list-style-type: none"> <li>▪ Board of Directors: Starwood Hotels, TXU Corp (Energy Future Holdings), Gap, Inc., Burger King (through Sept. 2010 until sale)</li> <li>▪ Princeton University, A.B.</li> <li>▪ UT Southwestern, M.D.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Goldman Sachs: Founding Member, Special Investments Group</li> <li>▪ Princeton University, A.B. Summa Cum Laude in Economics</li> </ul>	<ul style="list-style-type: none"> <li>▪ Goldman Sachs: Founder, Business Development Group</li> <li>▪ Davis Polk &amp; Wardwell</li> <li>▪ Yale University, A.B. (Yale-China Scholar; Fulbright)</li> <li>▪ Duke University, J.D.</li> </ul>

**Competitive Advantages:** Pharos has an array of competitive advantages that differentiate it from other private equity firms:

- Stable Team and Consistent Investment Focus
- Focus on Growing & Scalable Businesses
- Pre-Existing Network & Proprietary Deal Flow
- Proven Investment Strategy & Track Record
- Focus on Underserved Markets
- Sophisticated Quantitative Analytics
- Value-Added Investing
- Strategic Partnerships

**Target Investments:** Pharos provides capital to create substantial or controlling equity positions in established, growing businesses. When evaluating an investment opportunity, Pharos considers the following:

### Company Criteria

- Qualified management with a proven track record and alignment of interests
- Cash flow positive business or approaching cash flow positive in the near term
- Scalable business with a defensible market position
- Outstanding growth prospects
- Predictable regulatory, market, and technology risk exposure

### Investment Criteria

- Ability to lead or co-lead a financing alongside other institutional investors
- Opportunity to take a controlling position in the company
- Attractive potential returns that are amplified by, not dependent on, use of leverage
- Potential to add value beyond the capital invested
- Option to employ innovative deal structures
- Availability of multiple exit strategies

**Track Record:** Since inception, Pharos has invested \$436 million in 43 companies. Pharos’s most recent fund, Pharos II, is a top quartile, vintage year 2005 fund which has invested \$279 million in 16 companies, three of which have been exited at 96%, 31%, and 19% gross internal rates of return (“IRR’s”). Pharos I, a vintage year 2000 fund, has returned all invested capital and had three portfolio company exits in 2010, one of which returned 5.1x and had a 23% gross IRR. The Prior Pharos Fund has been fully realized and is a top quartile fund, having generated an ROI of 2.2x and a 27.1% gross IRR.

If you have an investment opportunity you believe would be a fit for Pharos, or simply would like to learn more about Pharos Capital Group, please contact us at any time.

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