



RESOURCES
for
Human Development, Inc.

MUREX INVESTMENTS

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**Tools for Building
Sustainable Rural
Communities**

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Murex Investments is a community development venture fund targeting low income communities.

— Who is Murex? —

- A US Treasury certified venture capital Community Development Financial Institution (CDFI) established in 1998
- First fund of \$5.2 million invested in seven companies in distressed areas with one investment pending
 - Created or retained over 250 jobs
- We are a “Double Bottom Line” investor focused on both financial and social returns
- Wholly-owned subsidiary of Resources for Human Development (RHD)
- Murex investments is currently raising a \$11 million NMVC fund with an additional \$3.3 million of Technical Assistance grants

RHD is a nonprofit organization headquartered in Philadelphia with a long history of activity in the region.

— Who is RHD? —

- Operates more than 150 social programs in 7 states with an \$92 million operating budget
- Diversified social service organization -- programs include affordable housing development, employment and training and mental health
- Handled over \$700 million in government contracts since its founding in 1969
- RHD has a \$13 million line of credit

Murex is a “Double Bottom Line” investor: We measure fund performance based on both financial AND social returns to its stakeholders.

— Murex’s “Double Bottom Line” Investment Philosophy Criteria —

FINANCIAL RETURNS	SOCIAL RETURNS
Build profitable companies	Reinvestment in underserved communities and quality job creation
10-12% projected fund IRR	Living wages and health benefits for all employees
Lower default risk due to operational oversight	Employee empowerment
Clear exit strategy	Profit sharing and employee ownership

Murex Investments' key differentiator is its operating model: We develop an integrated system of control and accountability for each portfolio company.

— Murex's Operating Model —

- Hands-on, operational assistance provided to portfolio companies by fund management and outside resources with the use of TA dollars
 - Target small manufacturing companies, value added service firms and high-tech manufacturing companies who benefit greatly from Murex's operational and management insight
- Development and implementation of customized management dashboard
 - Measure critical success factors on a *daily* basis
- **The Result:** Reinvestment in community, reduction of business failure and default rate, building of strong businesses providing quality jobs and a bolstered local economy, wealth creation for all stakeholders

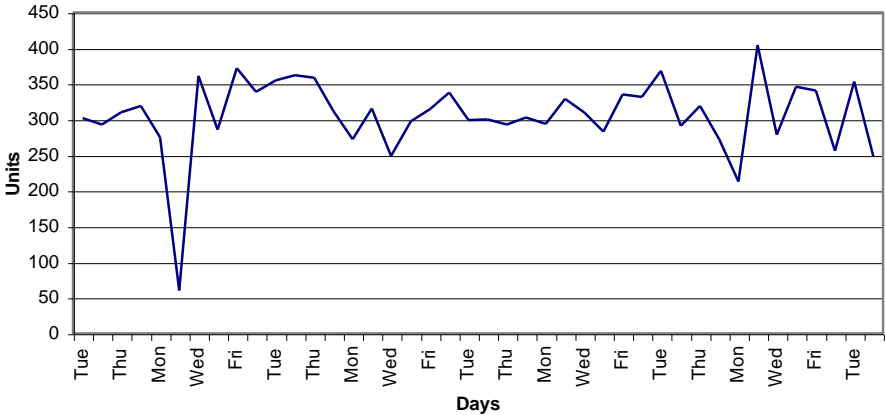
A management dashboard example: Company X

— Company X's Critical Success Factors —

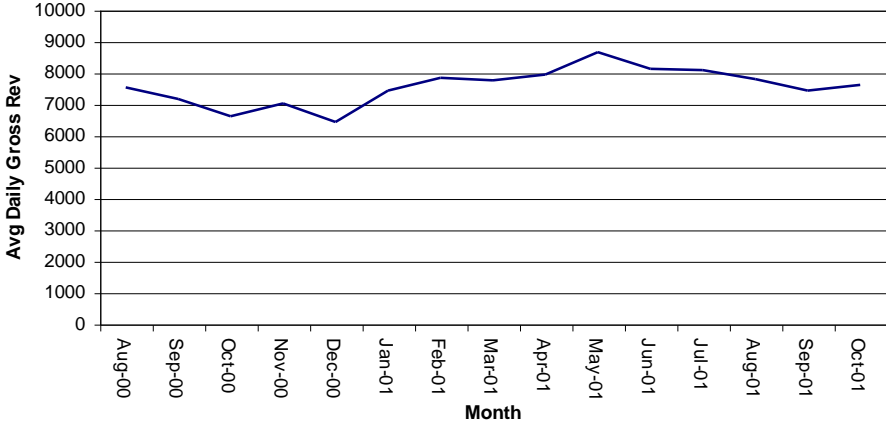
- **Daily Units In/ Units Out:** An attention to sales and production
- **Defect Rate:** An attention to quality
- **Works In Process (WIP):** An attention to inventory management
- **New Customer Ratio:** An attention to customer acquisition and retention
- **Daily P&L:** A focus on the bottom line

A management dashboard example: Company X

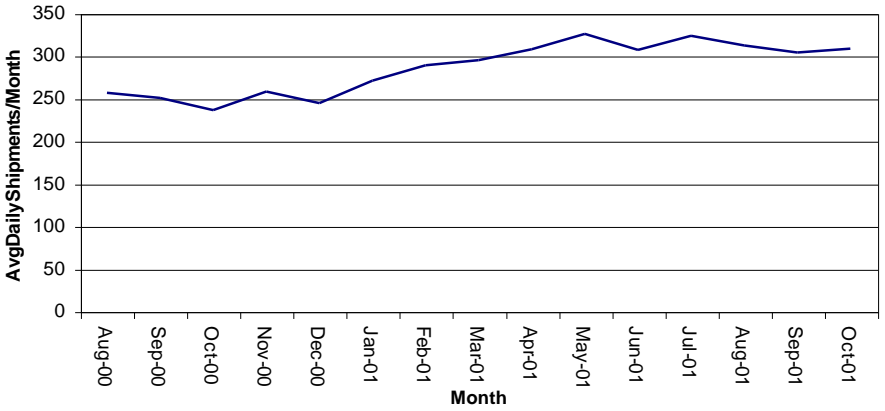
Company X Daily Shipments: Sep01-Oct01



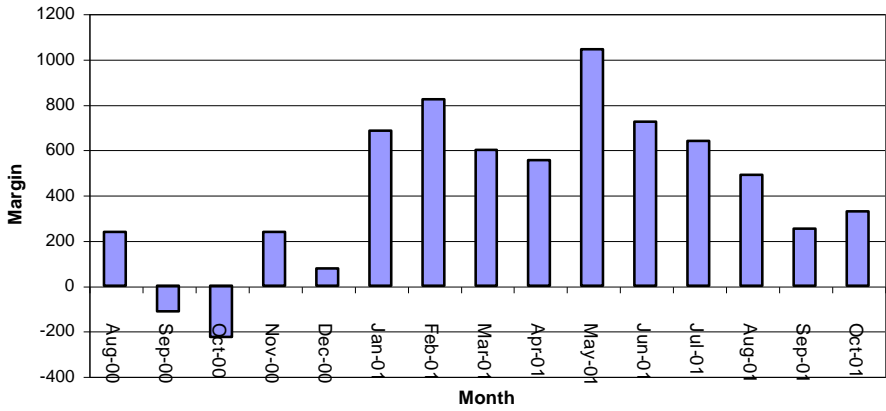
Company X Avg. Daily Gross Rev. Per Month: Aug00-Oct01



Company X Monthly Production: Aug00 - Oct01



Company X Average Daily Margin by Month: Aug00-Oct01



Murex Investments is raising an \$11 million NMVC fund with an additional \$3.3 million in Technical Assistance (TA) grants.

— Murex’s NMVC Fund —

Murex NMVC Fund	Investment Dollars	Technical Assistance	Total
Required Dollars to be Raised by Murex	\$5.5 M	\$1.65 M	\$7.15 M
Federal Match 1:1	<u>\$5.5 M</u>	<u>\$1.65 M</u>	<u>\$7.15 M</u>
Murex NMVC Fund	\$11 M	\$3.3 M	\$14.3 M

Murex Investments is one of only seven funds nationwide selected to participate in the SBA's New Markets Venture Capital (NMVC) Initiative.

— SBA's NMVC Initiative —

- Passed by Congress in December 2000, the NMVC program is intended to address the dearth of venture capital in America's distressed communities
- NMVC funds received must be used to serve businesses in the very poorest areas defined by the SBA
- In July 2001, the SBA selected Murex to participate in its NMVC initiative
- Murex's administration will mirror a typical SBIC fund (management fees, returns, distributions)
- Murex is required to raise \$5.5 million in capital and \$1.65 million in technical assistance to receive approval from the SBA and acquire a 1:1 match

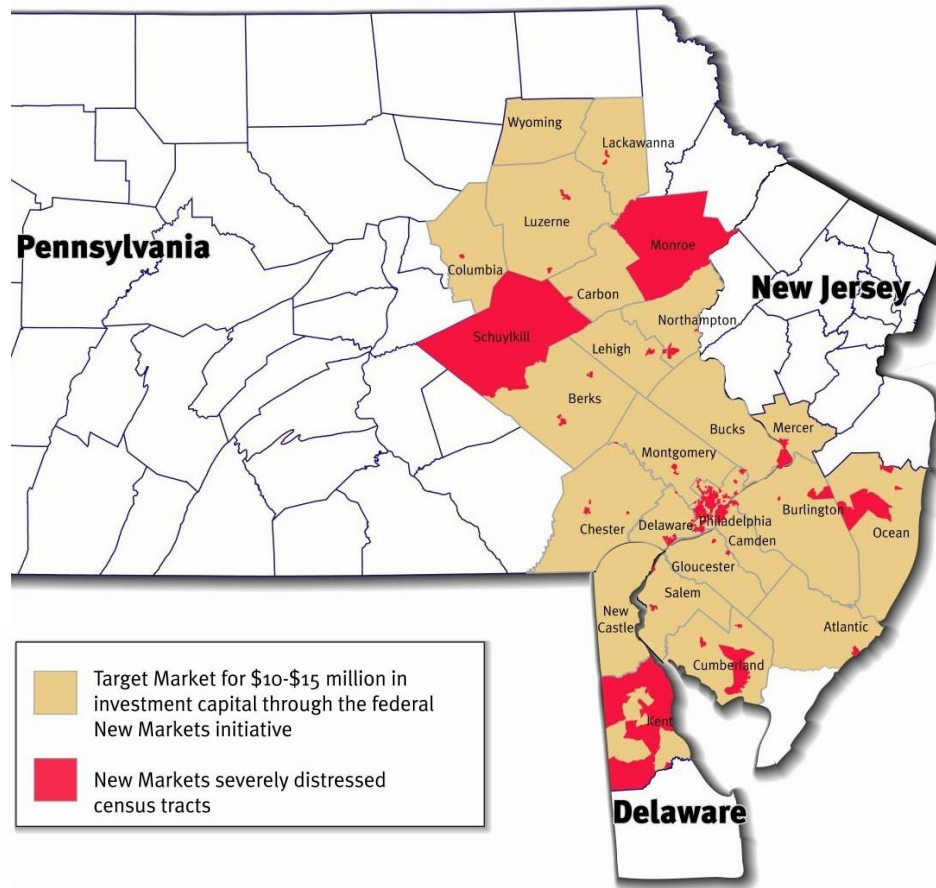
Murex Investment's administrative structure mirrors that of SBIC funds.

— Murex Investments Administrative Structure —

- 3% management fee on \$11 million of investment capital
- Profits from investments will be distributed 80/20 between the LPs and the GP
- SBA's approximately 7% debenture is senior to LP's investment
- Capital will be called over 4 year period

Murex Investments is the only NMVC fund with the mandate of investing in New Jersey, Delaware and Eastern Pennsylvania.

— Murex’s Investment Geography —



Murex Investments has a defined investment approach to achieve its goals.

— Murex's Investment Decision Process —

- Investment Criteria
 - Target: Manufacturers, technology and high value added service companies
 - Financial: Company with path to profitability and potential for 20%-30% IRR
 - Management: Receptive and educable in addition to experience and domain expertise
 - Social: Underserved communities, job creation paying living wages and health benefits, employee ownership, and employee participation in workplace
- Fund Deployment
 - Investment Range: Up to \$500,000 with the ability to make follow-on investments
 - Type of Security: Convertible Preferred and Convertible Sub-Debt
 - Lead or Co-lead invest with syndicate partners
- Exit Strategies
 - ESOPS, Recapitalizaion and M&A events

Murex's recent investments demonstrate our commitment to economic and community development in the region.

— Murex's Recent Investments —

- A manufacturer of natural household cleaners in Norristown, PA
 - \$300,000 Lead Investor: \$800,000 Convertible Preferred investment in May 2001
 - Financial: Projected IRR of 32% with exit to Fortune 500 consumer goods company
 - Social: Employee ownership 10%, yields \$10,000 to average line worker on exit
- A high-tech, precision iron foundry in Reading, PA
 - Pending \$325,000 Lead Investment: \$1.5 million Sub-debt financing
 - Financial: Profitable business with \$8 million of sales and 30% EBITDA margins
 - Social: 30% ESOP transaction yields \$30,000 in equity value to average line worker
- A mail fulfillment house in North Philadelphia
 - \$300,000 Lead Investor: Convertible Preferred investment in January 2001
 - Financial: Turnaround with strong growth and profitability potential
 - Social: 10% employee ownership; retained 50 jobs

Murex has high quality investment opportunities through its strong network of partners and investors.

— Murex's Partners for Deal Flow —

- Delaware Valley Industrial Resource Center
- Ben Franklin Technology Partners of Southeastern Pennsylvania
- Philadelphia Industrial Development Corporation
- Cooperative Business Assistance Corporation (CBAC)
- Philadelphia & Camden Empowerment Zone community lending institutions
- The Reinvestment Fund
- Sustainable Jobs Fund
- Manufactured Resource Center
- Commercial banks and local venture capital firms

Murex Investments has a prestigious list of committed investors.

— Murex's Current Committed Investors —

- **MBNA**
- **PNC Bank**
- **Bryn Mawr Trust**
- **City of Philadelphia**
- **Commonwealth of PA (DCED)**

Murex Investments is an ideal investment opportunity for banks with CRA investment credit requirements.

— Benefits from an Investment in Murex —

- **CRA Credit:** An investment in Murex, an NMVCC, will fulfill the investment test for CRA requirements
- **Grant Dollars to Support Investments:** Hands-on operational support and \$3.3 million of no cost TA grant dollars available to support portfolio companies to ensure their success, growth and profitability
- **Leveraged Capital:** 1:1 federal match with low cost debenture
- **Mutual Deal Flow:** Ability for banks to leverage Murex's equity investments
- **Potential Tax Credit:** Potential New Markets tax credit of up to 39% over 7 years

How to Apply

To expedite the firm's process, please submit, via email, a business plan or executive summary that includes the following information:

- A) Referral source if available (How did you hear about Murex?)
 - B) Request / Funds seeking from Murex
 - C) Business/product or operations description
 - D) Management biographies/resumes
 - E) Brief market and competitive assessment
 - F) Actual financial results (last 2 years if available) and financial projections (next three years)
 - G) Funding requirements over the next 12 months
 - H) Description of execution to date
- Please review our submission guidelines online at www.rhd.org/MI_index.htm
 - If you believe your business is right for Murex, please submit your plan for our review to murex@rhd.org.

Appendix

- **The Murex Team**

Murex’s experienced management team illustrates its commitment to building strong companies.

Executive	Experience/Background
Robert Fishman, MSW, <i>Founder & Chairman</i>	Executive Director of RHD, organization with over 2600 employees nationwide and annual operating revenue of \$80 million; handled over \$700 million in government contracts
Joel Steiker, MBA, <i>Business Developer</i>	Over 17 years experience with consulting firm focused on ESOPs
Frank Viola, MBA, <i>Business Developer</i>	Over 18 years experience in operations
Peter Cianci, CPA	Over 17 years experience in financial management

Murex's Investment Committee is comprised of seasoned financial and investment professionals who will make the final investment decision.

Committee Member	Experience/Background
Michael Forman, Esq., <i>Committee Chair</i>	<i>Partner, Klehr, Harrison, Harvey, Branzburg & Ellers LLP</i>
Robert McCord	<i>Founder & Managing Director, Pennsylvania Early Stage Partners</i>
Sandra Walker	<i>Former Investment Officer, Entegrity Partners II; Managing Director, Sustainable Jobs Fund; Portfolio Manager, Kentucky Highlands</i>
Larry Chimerine, PhD	<i>Director & Chief Economist, Economic Strategy Institute</i>
James Steiker, Esq.	<i>Founder, Steiker, Fisher & Olson</i>

Murex’s Board of Managers is actively involved in providing operational oversight to both the fund and its portfolio companies.

Board Member	Experience/Background
Robert Fishman	<i>Chairman & Founder, MI; Executive Director, Resources for Human Development</i>
Michael Forman, Esq.	<i>Partner, Klehr, Harrison, Harvey, Branzburg & Ellers LLP</i>
Gretchen Wilson	<i>President & Chairman, Little Souls</i>
Jeff Rosenblum	<i>Founder, Arbor Associates</i>
Larry Chimerine, PhD	<i>Director & Chief Economist, Economic Strategy Institute</i>
Barry Miller	<i>Director, Delaware Valley Industrial Resource Center</i>
Rick Anthony	<i>Founder & Managing Director, TheSolutionsNetwork, Inc.</i>