

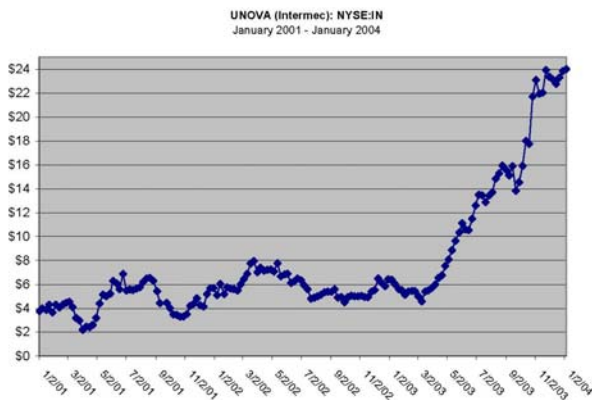
## Case Study: Small Cap Technology Turnaround

SPS personnel created an integrated PR/IR program that supported a successful corporate turnaround for a diversified industrial conglomerate. From a low of \$4 per share in 2001, the stock recovered to \$25 per share. Five additional equity and fixed-income analysts initiated coverage, helping drive liquidity from 50,000 to 500,000 shares per day.

The company, a promising spin-out from a well-respected defense company, had a series of disappointing results from 1999-2001 that caused the stock to plummet from \$22 to \$4.

To turn operations around, senior management focused primarily on strengthening operating results, raising cash to reduce debt, and managing expectations of bond holders. However, they also concluded that a stabilizing and recovering stock price could help establish credibility among employees, vendors, and customers.

As operating results began to stabilize, an education and outreach program was executed to keep remaining investors apprised of progress and intrinsic value while attracting new investors intrigued by an emerging turnaround story.



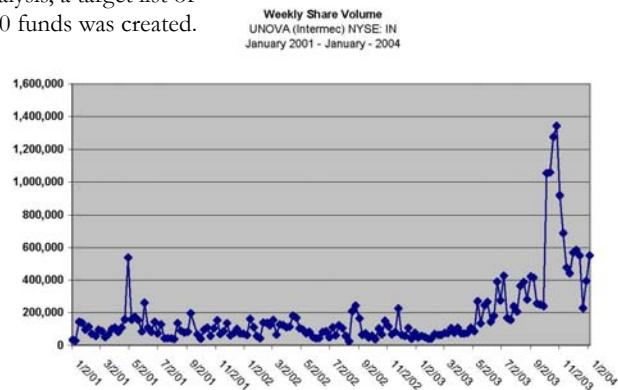
Pre-campaign research and fact-finding determined that investors were confused by the consolidated corporate financial reporting which blurred two different operating divisions.

On the surface, investors saw only trouble: a declining rust-belt industrial division combined with a money-losing, faltering technology division.

SPS personnel worked with management to identify an alternate, more positive interpretation: a mature, low-overhead industrial division pursuing a disciplined 'harvest' strategy, generating cash to lower debt and rebuild an otherwise sound technology division with the potential for a much higher multiple.

SPS counselors worked to prepare an investor message to clarify the investment thesis, reduce the opacity of the mini-conglomerate structure and encourage "sum-of-the-parts" valuation.

Next, to identify investors most likely to respond to the emerging investment thesis, SPS performed a detailed regression analysis on 6500 mutual funds trades for 60 months to infer the fund's actual financial performance (not stated) investment styles. From this analysis, a target list of 100 funds was created.



Armed with this targeting information, SPS counselors contacted investors and explained the story. SPS was successful in securing meetings and presentations for senior management (CEO/CFO) among 56 different fund managers and sell-side analysts in North America and Europe.

Among the results:

- 22 of the company's top 25 shareholders prior to the company's decline remained committed to the stock through the transition period.
- 36 new institutional holders established a position as company's story migrated from "deep value" to small-cap growth.
- Daily share volume increased from 50K to 500K.
- Market capitalization increased from \$400M to \$2B.
- Five sell-side analysts initiated coverage.

Budget for the entire three-year effort was less than \$250,000.

The company has since divested its industrial segment and is now a pure-play technology company with sales increasing at a 12% CAGR. More importantly, the company's valuation has recovered relative to its peers, trading at 1.6X sales and 3X book value.

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