

July 5, 2012

# FINANCIAL TECHNOLOGY PARTNERS LP FTP SECURITIES LLC

*is pleased to announce its role as exclusive  
strategic and financial advisor to*



## Merchant Warehouse

*in its Significant Growth Recapitalization by*



**Financial Technology Partners**  
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San Francisco, CA 94108



***The Only Investment Bank  
Focused Exclusively on Financial Technology***

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# Merchant Warehouse Recapitalized by Parthenon Capital Partners

## FT Partners Advises Merchant Warehouse on its Significant Growth Recapitalization

### Transaction Overview and Rationale

#### Overview of Transaction

- On July 5, 2012, Merchant Warehouse, Inc. ("Merchant Warehouse" or the "Company") announced and closed a growth recapitalization with Parthenon Capital Partners ("Parthenon")
- Parthenon is private equity firm with \$2.2B in capital under management and offices in Boston and San Francisco; the firm provides capital and strategic resources to growing middle market companies

#### Significance of Transaction

- By combining a strong Management team with a strong financial partner, the Company seeks to grow and pursue new opportunities in an increasingly dynamic market
- The transaction is an attractive outcome for both Merchant Warehouse and Parthenon
  - Parthenon gains a partnership with an elite provider in the rapidly growing integrated payments vertical
  - The transaction positions Merchant Warehouse well to pursue additional growth opportunities and expand its industry-leading platform by leveraging Parthenon's strategic resources

#### FT Partners' Role

- FT Partners served as exclusive strategic and financial advisor to Merchant Warehouse's founders and Management team and advised Merchant Warehouse in a private-party transaction

**Merchant Warehouse's growth recapitalization further demonstrates FT Partners' ability to deliver outstanding results to its leading payment services and financial technology clients**

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# Merchant Warehouse Recapitalized by Parthenon Capital Partners

## Merchant Warehouse Overview

### Company Overview

- Founded in 1998 and headquartered in Boston, MA
- Provides affordable and secure customer engagement solutions for partners, merchants and agents
- Its innovative solutions allow customers to achieve strategic business advantages and dramatically enhance the merchant consumer experience
  - Utilizing three sales channels, Merchant Warehouse targets and sells into various merchant verticals
  - Company employs over 250 people and is investing in growing its management team and operations
- Merchant Warehouse's focus on continuous technological development and building strong relationships in the VAR and developer communities promises continued growth and leadership in the integrated point-of-sale vertical
- Through its deep industry knowledge, extensive geographic reach and driven senior management team, Merchant Warehouse continues to grow its sales channels and deliver exceptional service to its merchants, agents and affiliate partners

### Genius Program



- On June 12<sup>th</sup>, Merchant Warehouse launched Genius™
- Genius is a Customer Engagement Platform which aggregates and integrates every payment type, customer program and transaction technology – available today and in the future – into a single platform
  - Reduces the risk of security breaches with a PCI compliant solution featuring tokenization and end-to-end encryption
  - Helps merchants attract new customers and retain existing ones
- The company compliments its solution portfolio with a comprehensive suite of merchant account services for merchants of all sizes

### MerchantWARE



- The MerchantWARE Payment Gateway is a web-based processing solution that allows merchants in various business environments to manage their merchant account over a secure Internet connection
- Key benefits of the MerchantWARE solution include:
  - Accepts virtually all card types
  - Supports batch processing and multiple login access
  - Advanced transaction reporting
  - In-house technical support
  - 24/7 emergency support
- Using both tokenization and SSL connections, the MerchantWARE payment gateway ensures that customer data is safe from hackers





# Merchant Warehouse Recapitalized by Parthenon Capital Partners

## Parthenon Capital Partners

### Parthenon Capital Partners Overview <sup>(1)</sup>

- Parthenon is a private equity investment firm with approximately \$2.2 billion of capital under management; the Company has offices in Boston and San Francisco with approximately 30 professionals working for the firm nationwide
- The firm invests in a variety of industry sectors with particular expertise in business and financial services, healthcare, distribution/logistics, and technology-enabled services
- Parthenon focuses on thematic investing in sectors in which it enjoys significant knowledge and expertise; the firm seeks to acquire leading middle market companies that are generally characterized by:
  - Strong management with a proven track record and the desire to reach the next level of success
  - Specialized products or services based on brand strength or technological advantage
  - Market or segment leadership and commensurate levels of profitability
  - Growth potential through acquisitions or market expansion
  - Potential for significant earnings enhancement
  - Preference for recapitalizations that allow the existing owners to retain a meaningful ownership stake
- Parthenon specializes in many types of transactions, including entrepreneur led recapitalizations like Merchant Warehouse

### Selected Portfolio Companies

Company	Description
	Independent broker/dealer providing investment and financial advisory solutions to retail investors through tax professional
	A leading revenue cycle management company focused on providing clinical coding, eligibility, risk adjustment, and audit and compliance services to health plans and risk bearing provider groups
	Online direct-to-consumer mortgage origination company
	Nationally-chartered high net worth-focused commercial bank
	Provide technology-enabled recovery and related analytics services to help identify and recover delinquent or defaulted assets and improper payments for both government and private clients
	Provider of integrated healthcare communication strategies, analytics, and decision support software for health plans, PBMs, providers, and pharma companies



(1) Company website.



# Merchant Warehouse Recapitalized by Parthenon Capital Partners

## FT Partners' Deep Payment Services Domain Expertise

**Merchant Warehouse's recapitalization by Parthenon Capital Partners represents another highly successful transaction for FT Partners in the payment services and financial technology sector**

Financial Technology Partners LP  
FTP Securities LLC

*is pleased to announce its exclusive role as sole strategic and financial advisor to*



*in its majority recapitalization by*



Financial Technology Partners LP  
FTP Securities LLC

*is pleased to announce its exclusive role as sole strategic and financial advisor to*



*in its minority investment led by*



*for total consideration of approximately*

**\$ 50,000,000**



Financial Technology Partners LP  
FTP Securities LLC

*is pleased to announce its exclusive role as sole strategic and financial advisor to*



*in its sale to*



*for cash consideration of approximately*

**\$ 525,000,000**



Financial Technology Partners LP  
FTP Securities LLC

*is pleased to announce its exclusive role as sole strategic and financial advisor to*



*in its sale to*



*for a total cash consideration of*

**US\$370,000,000**



Financial Technology Partners LP  
FTP Securities LLC

*is pleased to announce its exclusive role as sole strategic and financial advisor to*



*for cash consideration of approximately*

**\$ 325,000,000**



Financial Technology Partners LP  
FTP Securities LLC

*is pleased to announce its exclusive role as sole strategic and financial advisor to*



*in its sale to*



Financial Technology Partners LP  
FTP Securities LLC

*is pleased to announce its exclusive role as sole strategic and financial advisor to*



*in its sale to*



*for total consideration of approximately*

**\$ 145,000,000**



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# Merchant Warehouse Recapitalized by Parthenon Capital Partners

## The “M&A Advisor” Selects FT Partners for M&A Industry-Wide Awards

### Awards Overview

- FT Partners consistently receives top honors and recognition from national association:
  - **Boutique Investment Bank of the Year** (2011)
  - **Deal of the Decade** (2011)
  - **Middle Market Deal of the Year, Cross-Border Deal of the Year and IT Services Deal of the Year** (2010)
  - **Dealmaker of the Year** (2007, 2008 and 2009)
  - **Investment Banking Firm of the Year** (2004 and 2006)
  - **Financing Professional of the Year** (2006)
  - **Product of the Year – IPO Advisory** (2006)
  - **Deals of the Year** (2005, 2006 and 2007)
- **2008’s top ranked** investment banker named on *Institutional Investors* annual “*Online Finance 40*” ranking
  - Consecutively ranked for 3 years (2008, 2007, 2006)
- Founder and Managing Partner, Steve McLaughlin, lauded **highest honors** as both “Dealmaker of the Year” and “Financing Professional of the Year”
- Top award winning Investment Bank collecting **more than 12 separate awards** for outstanding performance and client results
  - FT Partners has received over 75 award nominations across an unprecedented array of categories
- FT Partners’ “**IPO Advisory**” service – as demonstrated in one of the most successful Payments IPOs in history, VeriFone – received its third industry award in 12 months for Product of the Year
  - Previously recognized in our 2006 Financing Professional of the Year award and 2005 Deal of the Year



### ***Investment Bank of the Year*** ***Deal of the Decade***

#### **Selected Transactions:**

- **Undisclosed** Mercury Payments Systems’ 60% strategic investment by Silver Lake
- **\$1.3 billion** Sale of AmWins to New Mountain Capital
- **\$700 million** Sale of ATD to Citigroup
- **\$525 million** Sale of Lynk Systems to RBS
- **\$370 million** Sale of Custom House to Western Union
- **\$325 million** Sale of Verus to Sage Group
- **\$300 million** Jack Henry acquisition of iPay Technologies
- **\$292 million** Financial advisory role on VeriFone’s debt recapitalization
- **\$245 million** Sale of Corillian to Checkfree
- **\$177 million** Financial advisory role on VeriFone’s IPO
- **\$145 million** Sale of EDC to Cardtronics
- **\$50 million** Minority Investment in Yapstone led by Accel Partners
- **\$45 million** Financial advisory role on Ellie Mae’s IPO