

## **FdG Associates Completes Acquisition of The Hercules Tire & Rubber Company in Partnership with Management**

**New York, May 11, 2005** – FdG Associates, a New York City-based, middle-market private equity firm, today announced that it has acquired The Hercules Tires & Rubber Company (Hercules), a leading marketer and distributor of private label and branded tires, in partnership with Hercules' senior management team. The acquisition, which was made from FdG's second institutional fund, FdG Capital Partners II LP, will provide Hercules the financial base to further develop its Hercules branded private label program, solidify its industry position and capitalize on opportunities for growth and acquisitions. The financial terms of the transaction were not disclosed.

Mark S. Hauser, Managing Director at FdG Associates, said, "We are pleased to partner with Hercules' management to acquire their business. This is consistent with our philosophy of partnering with strong management teams to execute their strategic plans. We look forward to working with management to solidify Hercules' leadership position in the tire industry and create additional opportunities for growth."

Hercules, which markets its Hercules private-label branded tires across the United States, Canada and to customers in 75 countries around the world, distributes tires to retailers and wholesalers in the United States and Canada with a focus on the fastest growing sectors of the tire market: nationally known independent tire brands, niche products, performance tires and medium radial truck tires. Headquartered in Findlay, Ohio, Hercules has developed a strong reputation among its customers for its broad range of quality products and its commitment to customer service. The company's senior management team, which averages more than 30 years experience, is highly respected in the industry, has developed long-term relationships with an extensive network of global manufacturers and has successfully guided the company's ongoing growth by establishing Hercules as a leading supplier in the replacement tire sector, with both private label and other branded tires.

Craig Anderson, Hercules' Chief Executive Officer, said, "Our new partnership with FdG will provide Hercules with the additional resources necessary to develop and expand our product offerings and distribution platforms worldwide, and strengthen our financial base. With this financing, the company is well positioned to capitalize on growth and acquisition opportunities within the large and highly fragmented tire distribution industry,

which is projected to continue to expand at a strong pace, and we expect significant growth trends to continue in the private label and second-tier branded markets.”

The U.S. retail tire industry, which was estimated at \$25 billion in 2004, is projected to grow at a rate of approximately 5 percent per annum. It is a highly fragmented and consolidating market, with no distributor holding more than a 10 percent market share.

Morgan Keegan & Co. advised Hercules on the transaction. JPMorgan Chase Bank NA underwrote the debt financing for the transaction.

### **About FdG Associates**

FdG Associates is a private investment firm providing equity capital to North American-based middle-market growth companies with sound businesses and unrealized potential. By building a partnership with management and offering creative problem solving and strategic, long-term planning focused around key corporate initiatives, FdG empowers companies to achieve their full growth potential and increase their equity value.

FdG will typically commit from \$15 million to \$50 million in equity to sponsor management buyouts, recapitalizations and growth-oriented capital investments in private and public companies. The deep and diverse experience of the firm’s executive team enables FdG to pursue opportunities in the business and consumer services, distribution, light manufacturing, retail and consumer products sectors.

FdG is headquartered in New York, NY. For additional information, please visit [www.fdgassociates.com](http://www.fdgassociates.com)