

P R E S S   R E L E A S E

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Portland, OR  
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Hanover Partners, Inc. announced the sale of its portfolio company, Handi Quilter, Inc., the leading manufacturer of branded quilting machines, portable frames/tables, computerized quilting systems, and quilting accessories, to a middle-market private equity firm in New York, NY.

Headquartered in North Salt Lake, UT, Handi Quilter's products are sold globally and primarily used in the home by dedicated quilting enthusiasts as well as by quilters with home-based businesses. Founded in 2001, the company serves a niche consumer demographic and has grown rapidly to become one of the largest manufacturers of quilting machines in the world as well as one of the most recognized brands in the industry. The exit from Handi Quilter generated a 2x gross cash-on-cash return and 34% internal rate-of-return for lead investors Hanover Partners and Tuckerman Capital, during just under a 3 year investment period.

Based in San Francisco, California and Portland, Oregon, Hanover Partners acquired Handi Quilter in December 2008 in partnership with Tuckerman Capital III, L.P. of Hanover, NH, CEO Mark Hyland, and COO & CFO Darren Denning. Commenting at the transaction's closing, John E. Palmer, Co-Founding Principal with Hanover Partners and former Chairman of the Board, stated "We are extremely pleased with this highly-successful outcome for all shareholders, particularly in the context of significant growth during the economic downturn. It is rare to partner with such a talented management team as Mark Hyland and Darren Denning and it has been a pleasure working with them. I am confident Handi Quilter will continue its industry leading position under their leadership."

"We appreciate the support of Hanover Partners and look forward to continuing to build the Handi Quilter brand," said Handi Quilter's CEO Mark Hyland. "We have experienced considerable growth during the last 3 years and are excited at the next step in the company's evolution." Additionally, Darren Denning, COO & CFO of Handi Quilter, commented "We plan to continue developing innovative quilting machine products and accessories for our customers. This transaction allows Handi Quilter to further capitalize on the numerous opportunities ahead."

Founded in 1994, Hanover Partners, Inc. is a private equity firm with offices in Portland, OR and San Francisco, CA. Hanover and its institutional partners acquire majority positions in lower middle-market niche manufacturers with proprietary, highly engineered, standard products, as well as consumer products and business services companies, with operating income of at least \$1.5 million and operating margins exceeding 10%. With the exit from Handi Quilter, Hanover's current portfolio now consists of 5 unique companies located across the United States.

The sale of Handi Quilter is Hanover's second successful realization in 2011. This past May, Hanover sold its former portfolio company, Solidscape, Inc. to Strataysys (NASDAQ: SSYS) for a 2.5x cash-on-cash gain.

Web site contact information:

[www.hanoverpartners.com](http://www.hanoverpartners.com)  
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