



Keystone Capital, Inc. Announces Recapitalization of Costume Gallery

December 31, 2010

Keystone Capital, Inc. ("Keystone") is pleased to announce that it has completed a recapitalization of Costume Gallery, Inc. in partnership with owners Ellen and Richard Ferreira. Costume Gallery is a leading designer, manufacturer and marketer of costumes and related accessories, specifically focused on the global dance recital industry. Costume Gallery's customer base includes thousands of independent dance studios in both the U.S., as well as over 15 countries worldwide. More information on Costume Gallery can be found at www.costumegallery.net.

Headquartered in Burlington, New Jersey, Costume Gallery has been a leader in the recital costume industry for over 35 years and has been a family owned and operated business for over 60 years. Since joining the company in 1998, the Ferreriras have grown Costume Gallery at an above average growth rate, and have implemented numerous long-term strategic initiatives. "We are extremely excited to be a part of the future of Costume Gallery and are thankful for the unique partnership we have formed with Ellen and Rick Ferreira," commented Scott Gwilliam, Managing Director of Keystone Capital. "Costume Gallery's niche market position, impressive management team, and focus on bringing in a long-term, patient capital partner made this a perfect situation for Keystone."

The transaction represented another Keystone Capital closing in under 45 days from Letter of Intent. Additionally, Costume Gallery is the most recent example within a long history of Keystone's recapitalizations with skilled owner-operators and talented entrepreneurs. "In Keystone we've found the perfect partner to continue Costume Gallery's long term growth initiatives. We look forward to building the brand together," remarked Ellen Ferreira, President of Costume Gallery.

Terms of the transaction are not being disclosed. Senior debt financing was provided by The Private Bank, and legal counsel was provided to Keystone by Kirkland & Ellis LLP.

ABOUT KEYSTONE CAPITAL, INC.

Keystone Capital, Inc. is a private investment firm based in Deerfield, Illinois that manages in excess of \$200 million in investment capital. Formed in 1994, its mission is to acquire and build a portfolio of exceptionally high quality, mid-sized businesses that are leaders in their niche markets. Keystone is differentiated by its investment timeline of 10+ years and its willingness to enter into true operating partnerships with the professional management teams of the companies it acquires.

Broadly speaking, Keystone's investment criteria for platform acquisitions are:

- >> EBITDA of \$3 million to \$12 million
- >> Market Leader in Niche, Mature Industry
- >> Transaction Type: Family/Owner Operators, Corporate Divestitures, Special Situations

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