



EQUITY INVESTMENT IN REC ROOM FURNITURE & GAMES BY HIGHLAND CAPITAL PARTNERS

BACKGROUND

- Rec Room Furniture & Games (“Rec Room” or the “Company”) is a Chicago-based specialty retailer focusing exclusively on furnishing game and recreational rooms within households.
- The Company offers a dominant selection of game room merchandise, flexible customization options, and has created an interactive and engaging atmosphere in its stores, designed to unlock the “retailtainment” value of a consumer’s shopping experience.
- Rec Room’s product offering includes billiards tables and accessories, game tables, poker tables, bars, bar stools, home theatre seating, leather sofas, entertainment centers, arcade games and wall art.

CHALLENGE

- Rec Room needed additional capital and strategic resources to facilitate continued growth.
- The small number of stores and a limited track record required detailed explanation of the Rec Room retail concept.
- The relatively early stage of the Company’s development required attracting potential investors who shared the vision of the concept’s potential and who could craft an investment proposal and business plan with appropriate flexibility.

ACTION

- Mesirow Financial acted as financial advisor and placement agent to Rec Room in connection with the exploration of a range of strategic alternatives designed to support the Company’s expansion.
- Mesirow Financial approached a variety of potential investors focusing on those with an interest in retail and consumer and early stage situations.

RESULT

- Rec Room attracted the interest of Tom Stemberg, a venture partner at Highland Capital Partners (“Highland Capital”) of Lexington, MA, and founder of Staples, Inc.
- In October 2006, Highland Capital acquired a majority interest in the Company, leaving the prior owners with a significant minority stake while providing the business with the necessary capital and strategic resources to grow.
- Post-transaction, Highland Capital installed a new CEO with significant experience in growing a national specialty retail concept.

Additional Services for Corporations

Insurance Services

Full-service insurance brokerage providing property and casualty, employee benefits, life and disability coverage, as well as structured settlement services and tax-advantaged compensation funding mechanisms.

Investment Banking

Additional services include sale-leaseback financing as well as taxable and tax-exempt financing.

Investment Management

Money management expertise in the areas of private equity, hedge fund of funds, currency management, equities and fixed income as well as advisory services for traditional qualified 401(k) plans, key executive and supplemental retirement plans.

Investment Services

Non-discretionary transaction-based brokerage services, including cash management.

Consulting

Financial advisory services, including corporate recovery, operations and performance improvement, interim management, litigation and investigative services, valuation services, and other consulting services.

Real Estate

Comprehensive expertise in real estate development, program management, consulting and design/build services.

About Mesirow Financial

Mesirow Financial is a diversified financial services firm headquartered in Chicago. Since 1937, we have met the financial needs of individuals, corporations, public sector entities and investing institutions. We are an independent, employee-owned firm with 1,100 employees in locations across the country and in Puerto Rico. For the fiscal year ended March 31, 2006, the firm had revenues of \$364 million, \$30 billion in assets under management, advisory and custody, and \$180 million in capital. For more information about Mesirow Financial, visit our Web site at www.mesirowfinancial.com.

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