



Fundamental Capital Acquires Betek Manufacturing, Inc.

Contact: Kevin Keenley, Managing Principal, Fundamental Capital - (415)782-0000

SAN FRANCISCO, CALIFORNIA – May 2005

Fundamental Capital, LLC, a private equity firm headquartered in San Francisco, announced the acquisition of Betek Manufacturing, Inc., dba Bentek. The new company, Bentek Corporation, will continue to be located in San Jose, California.

Founded by Binh Nguyen, Bentek is a leading provider of high-complexity, low-volume subsystems and assemblies to capital equipment and emerging high-tech industrial customers. With over \$40 million of revenue, Bentek's services include engineering, design, supply chain management, and contract manufacturing. Mr. Nguyen will remain active with Bentek at the board level.

“The Bentek acquisition fits squarely into Fundamental Capital’s investment objectives”, said Kevin Keenley, Managing Principal of Fundamental Capital. “The commitment of Bentek’s employees and the company’s ability to successfully serve its customers is evidenced by Bentek’s double-digit revenue growth. The company has reached an inflection point where it will benefit substantially from access to capital and the hands-on involvement of our investment group.”

As part of Fundamental Capital’s commitment to Bentek’s future, Bob Puette will join Bentek as its new chairman. Mr. Puette has held numerous executive positions throughout his career, including executive positions with Hewlett Packard and President of the Apple USA division of Apple Computers. He also served as Chairman and CEO of Netframe Systems and CEO of Centigram Communications. Mr. Puette has served on several public and private company boards, including Cisco Systems and Quality Semiconductor.

Commenting on the future of Bentek, Mr. Puette remarked: “Bentek’s success has been driven by the company’s ability to meet the complex needs of its customer base. Bentek’s long-term, single source relationships with its customers is a tremendous asset from which to build upon. We plan to leverage Bentek’s strengths to continue to provide additional outsourcing opportunities to capital equipment manufacturers.”

Matt Pitchon, Betek’s Chief Operating Officer, has been promoted to Chief Executive Officer for the new Bentek Corporation. “Our goal was to find an investment partner that would provide not only capital, but strategic guidance to help our company navigate the significant opportunities that lie ahead. The depth of Fundamental Capital’s investor



base and strong leadership at the board level will enable Bentek to broaden our service offering to existing and new customers.”

Pacific Community Ventures and The Bay Area Equity Fund, a fund managed by JP Morgan, are equity co-investors in the transaction. Both firms have a double bottom line investment strategy, which emphasizes delivering a social return to the community in addition to a financial return. This social return is measured by a company’s performance in terms of job growth, training, incentives, and career advancement opportunities for employees located in low to moderate income geographic areas.

Senior debt financing was provided by CapitalSource Finance LLC, and subordinated debt financing was provided by Medford Investments, L.P. Both firms are equity co-investors in the transaction.

About Fundamental Capital

Fundamental Capital, based in San Francisco, invests in businesses generating revenue between \$5 million and \$50 million. The firm is comprised of 21 Founding Investors and 12 Operating Partners who work actively with portfolio companies to achieve their strategic objectives. The acquisition of Bentek marks the second investment for Fundamental Capital in the past four months. Fundamental Capital recently invested growth capital into Allen Technologies, Inc., a leading provider of hospital patient on-demand entertainment, communication, and education services.

About CapitalSource

CapitalSource Inc. (NYSE: CSE) is a specialized commercial finance company offering asset-based, senior, cash flow and mezzanine financing to small and mid-sized borrowers through three focused lending businesses: Corporate Finance, Healthcare and Specialty Finance, and Structured Finance. Headquartered in Chevy Chase, MD, CapitalSource has a national network of offices in cities including Atlanta, Boston, Buffalo, Chicago, Dallas, Los Angeles, Nashville, New York, Philadelphia, San Francisco and St. Louis.

About Medford Investments

Medford Investments, L.P. of Houston, Texas is a private investment fund which provides up to \$5 million of mezzanine debt and equity capital for acquisitions and growth financings nationwide.